

Japan, West Agree On Need to Ease Trade Difficulties

By Clyde H. Farnsworth
New York Times Service

MIAMI — In an effort to check growing protectionism, the major Western trading powers and Japan have agreed to refrain from taking any precipitous unilateral actions to curb imports from other countries.

"We are acutely aware that the stability and prosperity in each of our economies is directly related to one another's and we have a special responsibility to work towards expanded and mutually beneficial international trade," William E. Brock, the U.S. trade representative, said Saturday.

Mr. Brock was the host of an unusual meeting that brought together the chief trade officers of the United States, the European Economic Community, Japan and Canada to find ways to manage the trading system through the current world economic slump, which many analysts think poses the greatest threat of the postwar era to the maintenance of liberal trade.

The other participants were Wilhelm Haferkamp, external affairs commissioner of the 10-nation EEC; Shintaro Abe, Japan's minister for international trade and industry; and Edward C. Lumley, Canada's trade minister.

"Buy Japanese"

Mr. Abe, making his first foreign trip since his appointment to the Cabinet of Premier Zenko Suzuki last month, pledged at a joint news conference that Japan would do its part by taking "drastic" action before the end of January to reduce much criticized non-tariff barriers.

Although Japan has reduced its tariffs, it maintains a number of less visible impediments to imports, such as rigorous health and safety standards and testing requirements.

U.S. and West European critics have charged, moreover, that the Japanese government and private sector continue to maintain a bias against imports through a "buy Japanese" policy that permeates the entire economy.

Japan has accumulated huge trade surpluses, which have aggravated current unemployment problems in the West.

Mr. Abe took note of the issue of Japanese surpluses by saying that Japan can not live alone in the world and that its prosperity depends on the prosperity of other countries.

"We must revitalize the Japanese economy by stimulating internal demand, eliminating non-tariff barriers, and furthering industrial cooperation in a positive way," he said.

Western Skepticism

U.S. officials said they regarded Mr. Abe's statements, which he had also made earlier in private meetings, as particularly important.

But Western European officials accompanying Mr. Haferkamp expressed some skepticism that the Tokyo government would deliver as promised.

"They have made such promises before," said Sir Roy Denman, the EEC's chief trade negotiator. "If all they do is cut tariffs on biscuits from 35 to 32 percent, that's not going to solve our problems."

Mr. Brock said the participants expressed "a good deal of concern" over the possibility that the U.S. Congress might act against imports from Japan and Europe to ease unemployment in the United States.

The U.S. auto and steel industries have been especially hard-hit. The Japanese earlier this year agreed to curb exports of their small, fuel-efficient cars to the United States under pressure from the U.S. auto industry and the Reagan administration.

Steel Accusations

The U.S. steel industry has now accused West European steelmakers of selling their steel in the U.S. market at unfairly low prices. The industry seeks sharply higher duties on the West European imports.

Mr. Haferkamp denied that the West Europeans had competed unfairly and declared that the EEC would muster the best legal talent to defend its position.

(Continued on Page 2, Col. 6)



Trade officials from Japan, the United States, Western Europe and Canada ended two days of talks in Florida by announcing an agreement to work for free world trade to increase employment. From left: Shintaro Abe, Japan's minister of international trade and industry; William E. Brock, U.S. trade representative; Wilhelm Haferkamp, European Economic Community external affairs commissioner; and Edward C. Lumley, the minister of international trade for Canada.

Bonn on Sanctions: It Depends...

Poland and 'Osthandel' Add Up to Contradictions

By John Vinocur
New York Times Service

BONN — It depends a little on who the audience is. When it's foreign reporters asking if crass commercial considerations might have something to do with the way Bonn and other European governments have been tip-toeing around the Polish sanctions question, then the West German reaction is studied indignation.

En route to the United States a fortnight ago, an aide to Chancellor Helmut Schmidt stood in the aisle of Lufthansa No. 1, fixed a few non-German guests with a how-dare-you gaze, and said that

sumed to be more accommodating — West German television viewers, for instance — then the importance of doing business with the Soviet Union and the rest of Comecon, the Soviet-bloc economic grouping, gets an entirely different portrayal.

Lack of Eagerness

Then "Osthandel," literally "east-trade" in German, is described as an integral part of Ostpolitik. It's more than business in West Germany; it's a reassertion of the country's traditional role as the leading trader with the East. In addition, so the formulation goes, the trade makes an important contribution to stabilizing relationships between blocs.

The lack of eagerness all over Western Europe to run to the front on sanctions is probably equally based on the business and political arguments. West Europe's attitude was made plain at a special meeting of NATO foreign ministers last week. The United States succeeded in getting the allies only to "identify" and "examine" a package of possible restrictive measures. There was a sense afterward that some members might regard the communiqué's reference to "appropriate national possibilities" as a blank check for limited compliance.

As a group, according to U.S. State Department statistics, trade with Comecon by European members of NATO accounted for roughly 4 percent of their total world trade in 1980. West Germany's involvement, 6.5 percent of its world exports, was the largest, followed by France, with 4 percent; Italy, 3.5 percent; and Britain, 2.3 percent. In contrast, U.S. exports to Comecon in 1980, the year of the grain embargo, were only 1.7 percent of its total exports.

The relative smallness of the European trade with the Soviet bloc (Continued on Page 2, Col. 3)

Polish Primate Charges Regime Renews Arrests

From Agency Dispatches

WARSAW — Poland's Roman Catholic primate, Archbishop Jozef Glemp, said Sunday that new arrests were being made and again criticized the military regime and its campaign to extract loyalty oaths from the population.

A military official denied a statement by the Polish ambassador in London that the Solidarity union leader, Lech Walesa, would be released soon from house arrest. Capt. Wieslaw Gornicki, an aide to the Polish leader Gen. Wojciech Jaruzelski, said he was "authorized to deny" the statement by Ambassador Stefan Stanislawski.

A military parade, meanwhile, was held in Warsaw to mark its wartime liberation by the Soviet Union.

Archbishop Glemp, who in his past two sermons had been critical of the regime, again hit out strongly Sunday at the process of forced loyalty oaths and renunciations of Solidarity membership.

In a sermon at a Warsaw church, Archbishop Glemp renewed his attack on martial law authorities, charging that Poles were forced to sign loyalty pledges and leave Solidarity under threat of losing their jobs.

"In this way, the circle of people who are hostile toward the authorities is spreading," the primate said.

He offered the church as a bridge between factions in the nation and said that Pope John Paul II still hoped to return to his native Poland in August for ceremonies marking the 600th anniversary of the revered portrait of the Black Madonna at Jasna Gora monastery.

The report on Mr. Walesa's release was made by Ambassador Stanislawski as he waited at London's Heathrow Airport for the arrival of his wife from Warsaw. Mr. Walesa "is going to be released in the very near future," he said.

"I cannot tell you the exact date, but it will be soon," he said. "The decision has been made."

Mr. Walesa has been under house arrest since martial law was declared in Poland Dec. 13.

Mr. Stanislawski said: "It is good news about Lech Walesa. I have just been told from Warsaw." He added: "The situation in Poland is improving, and although martial law is continuing, it will only be for another two or three weeks."

But the Polish government's chief spokesman said that no date was envisaged for ending martial law in spite of indications that it might be ended soon, the newspaper Zycie Warszawy reported Saturday.

The spokesman, Jerzy Urban, said that although things were improving, "the duration of martial law depends on progress achieved in the stabilization of the situation in Poland."

His remarks followed a statement by Deputy Premier Mieczyslaw Rakowski on Tuesday that martial law could be lifted in a matter of weeks.

"All dates or schedules circulated in the form of gossip as well as the alleged statements on the subject attributed to some officials are untrue," Mr. Urban said.

Visit by Senator

U.S. Sen. Larry Pressler, a South Dakota Republican, who had talks in Warsaw on Saturday with Archbishop Glemp, said that the release of Mr. Walesa was one of the preconditions for a resumption of U.S. aid to Poland.

He told reporters after his arrival in London on Sunday: "The U.S. cannot restore its \$750-million aid program until Walesa is released and Solidarity leaders take part in talks, and we also have an end to martial law."

Sen. Pressler had an hour-long meeting on Saturday with Archbishop Glemp, who has kept in contact with Mr. Walesa through intermediaries.

"I got the impression that the primate was being critical of Mr. Walesa's intransigence," the senator said.

The authorities have made several unsuccessful attempts to per-



Archbishop Jozef Glemp

sue Mr. Walesa to enter into negotiations and publicly repudiate radicals in the Solidarity leadership.

Sen. Pressler quoted the archbishop as having told him that Mr. Walesa was still determined to hold out, five weeks after the union was suspended.

"The Polish primate told me that Mr. Walesa is expecting the Communist Party to go down on bended knees and apologize for what happened," the senator said. He said that the primate had twice referred to the union leader as an inexperienced politician.

"Archbishop Glemp said Mr. Walesa had not been long in politics and did not know how complicated things are," the senator said. The Solidarity leader has reportedly said that he cannot negotiate without the participation of his union's elected leaders, most of whom were interned without trial when the military took over.

Some, including the Warsaw Solidarity leader, Zbigniew Bukacinski, went into hiding and are continuing to operate underground.

Sen. Pressler, the first U.S. legislator to visit Poland since martial law was declared, said (Continued on Page 2, Col. 4)



Pope John Paul II arriving at the consistory hall of the Vatican for his annual address to diplomats accredited to the Holy See.

450 Years After Henry VIII Feud, Britain, Vatican Resume Full Ties

United Press International

VATICAN CITY — The Vatican and Britain have ended a 450-year-old hiatus by establishing full diplomatic relations for the first time since King Henry VIII broke with the Roman Catholic Church.

Pope John Paul II signaled the historic agreement at a New Year's audience on Saturday with the Vatican diplomatic corps when he greeted the British legation chief, Sir Mark Evelyn Heath, as a full ambassador.

At the same time, the Vatican apostolic delegate to Britain, Swiss-born Monsignor Bruno Heim, was elevated to the rank of apostolic nuncio.

Nunciature Established

"I have the pleasure to announce that as of today, following an agreement with the government of the United Kingdom, consecrating the excellence of existing relations with the Apostolic See and

with the aim of developing them, the British legation to the Holy See has been elevated to the rank of nunciature," the pope said in French at his audience with the diplomats.

"At the same time, an apostolic nunciature has been established at London with a pro-nuncio as chief of mission," the pope said.

The breach came about because Henry VIII, who was eventually married six times, wanted to wed Anne Boleyn. Pope Clement VII refused to allow the English king to divorce Catherine of Aragon, who was then his wife.

When Henry went ahead, the pope excommunicated him and the Church of England supplanted the Church of Rome in England in 1532.

Britain made a first move to restore diplomatic relations with the Vatican in 1914, when it sent Sir Henry Howard as chief of a "special mission" to Rome. The legation was established nine years later, but it was not until 1938 that the Vatican's representative in Britain was allowed the title of apostolic delegate.

The Vatican newspaper, L'Osservatore Romano, announced the latest development toward rapprochement with a brief front-page article.

A Vatican spokesman said that the decision to further develop the long-existing friendly relations

Cardinal Basil Hume, the Roman Catholic primate in Britain, said: "I welcome the news that full diplomatic relations are today established between our nation and the Holy See. This further develops the very good relations between them."

French Right Wins 4 Seats In Assembly

Washington Post Service

PARIS — President Francois Mitterrand's Socialist Party lost four by-elections to the conservative opposition Sunday, an embarrassing setback in the first such test since general elections last summer, shortly after he came to power.

The losses in four districts whose parliamentary elections were invalidated because of technical irregularities, still leave the Socialist government with a comfortable majority in the 491-seat National Assembly. But they represent a symbolic political defeat that could slow the momentum of the new administration.

Former Justice Minister Alain Peyrefitte, who served in the administration of former President Valéry Giscard d'Estaing, was elected to the assembly from Provence, southeast of Paris.

In the Marne district, northeast of Paris, another neo-Gaullist candidate, Bruno Bourg-Broc, defeated a Socialist, Annette Chépy-Léger, by 53.7 percent to 41.13 percent.

Pierre de Benouville, a neo-Gaullist, increased his winning margin in last June's elections in his central Paris seat, and Jacques Dominat, representing the rightist coalition, was elected to another constituency in the capital.

Provisions in Nationalization Law Ruled Unconstitutional in France

By Axel Krause
International Herald Tribune

PARIS — France's Constitutional Council, the nation's highest judicial body, has ruled that several provisions in the government's nationalization law are unconstitutional.

The ruling is expected to mean a delay in the law's enactment and a probable increase in levels of reimbursement to shareholders in companies to be nationalized.

The decision, announced Saturday evening, sent the Socialist government of Prime Minister Pierre Mauroy into strategy meetings Sunday. The meetings are expected to continue Monday.

Constitutional Council officials said that the goal of the law is to modify six articles and one amendment that are being challenged, notably those affecting reimbursement.

But the council did not challenge the nationalization program itself, nor the method by which the implementing law was adopted overwhelmingly by the National Assembly last month.

Senior government officials and international lawyers said Sunday that the immediate effect of the council's decision would be to delay by at least a month the nationalization of the groups involved — five industrial companies, 36 banks and two financial holding companies.

The law excluded foreign banks and three multinational companies operating in France from nationalization.

The main function of the Constitutional Council, established at the outset of the Fifth Republic in 1958, is to oversee presidential and parliamentary elections and to rule on the constitutionality of legislation. Its nine members, who are named to staggered nine-year terms, were all appointed by previous governments.

The council also includes former President Valéry Giscard d'Estaing, but he did not take part in the deliberations, a council spokesman said.

Mr. Mauroy said in a communiqué that the council's decision did not "place into question the nationalization program ratified by the nation."

But its request for increases in the shareholder reimbursement proposed by the government, he said, will delay promulgation of the law and keep the groups being nationalized in a waiting situation. "The proposed reimbursement levels had been criticized as inadequate by several of the targeted companies."

"This move will slow the nationalizations, but certainly not block them," said a Paris-based international lawyer who works for several of the groups.

The ruling was viewed by political observers as a setback to Mr. Mauroy and key economic offi-

cial, who had expected the law to be approved quickly. Reliable reports from ministers said the government had been prepared to announce the new heads of the nationalized groups following the regular Cabinet meeting Wednesday.

U.S. Analysts Say Iran Has Upper Hand in War With Iraq

By Michael Getler
Washington Post Service

WASHINGTON — Iran's military forces have turned the tide and appear to be winning the war against Iraq, U.S. specialists say.

It is a development that is making some pro-Western oil states in the Gulf area nervous and which could be the first sign of Iran's re-emergence as a force in the region.

Although the war, started by Iraq in September, 1980, has long since slipped off the front pages in the West, specialists in Washington believe it has reached a turning point. Iran is winning on the battlefield, and this could have decisive political and diplomatic repercussions.

Some of the half-dozen pro-Western oil states in the Gulf, including Saudi Arabia and Kuwait, have openly supported and financed Iran's war effort and thus have reason to fear a resurgent Iran and the aggressive Islamic fundamentalism that fueled the Iranian revolution.

Specialists in Washington say there are already signs that Iran is regaining its confidence and its appetite for external adventures. They suggest that Iranians were behind an unsuccessful coup attempt in Bahrain last month.

Although Iraq does not have diplomatic relations with the United States, the Baghdad government of President Saddam Hussein has recently shown signs of loosening its ties to Moscow and wanting better relations with Washington.

While Mr. Hussein started the war seemingly confident of a quick victory, U.S. analysts say the Iraqi ruler's hold on power could be threatened by the quagmire in which his forces are stuck.

The central and most puzzling factor in the battlefield situation is what specialists say is the "total inactivity" of the Iraqi Army since the initial round of victories.

That army retains an overwhelming edge in firepower and troop strength over Iranian forces. But it failed to stop several recent Iranian offensives and seems unlikely to break up preparations for new assaults that U.S. sources say are expected.

Furthermore, some analysts say they believe the Iraqi Army is so demoralized that it can no longer effectively strike back.

Specialists say they believe the Iranians are now convinced they are winning and will insist that Iraq meet their settlement demands: a complete and unconditional withdrawal from Iranian territory, identification of Iraq as the aggressor by an international panel, and payment of reparations.

Iraq also has air superiority over Iran, but oddly, neither side uses its air force much because the vital oil facilities in both countries are mutually vulnerable to air attack.

Both countries finance their armies by continuing to export oil.

Iraq could probably scare away international oil tankers from Iran's key oil shipping port at Kharg Island by an occasional air raid; sources in Washington say that Iraqi oil pipelines to Turkey, Syria and Lebanon are also vulnerable to attack. In fact, two of the lines were damaged by explosions earlier this month, but Iraqi leftist guerrillas claimed responsibility.

Immediately after the initial push into Iran, the Iraqis adopted a cautious strategy designed to hold strategic territory and waterways and to keep casualties to a minimum.

"Human Wave" Attacks

But that careful strategy has evolved into lethargy, while Iranian forces, led by the aggressive Revolutionary Guard, which previously handled only internal security, have taken the initiative.

Reports reaching the United States say that the Iranians — forced to go to the black market

for some war supplies and unable to get spare parts for their British and U.S. tanks and armored vehicles — have turned to an infantry strategy, using "human wave" attacks against the Iraqis, spearheaded by the Revolutionary Guard.

Since last May, the Iraqis have launched attacks all along the frontier. But the most successful assaults have been made in oil-rich Khuzestan province in the south.

The most important success came in September when Iranian forces wiped out what had been an Iraqi grip around three sides of the key oil refinery town of Abadan. And late in November, Iranian troops launched a major assault around the border town of Bostan, driving a wedge between Iraqi forces north and south of Susangerd, which had been the scene of some of the heaviest fighting.

Specialists also reason that part of the Iraqi Army's problem grows out of the large percentage of Shi-

ite Moslem enlisted men in the ranks. Iran is predominantly a Shi-ite country.

In Iraq, the Shiites represent about 50 percent of the population. While the Iraqi Shiites consider themselves Arabs and do not identify with the Iraqis, they are generally viewed as a disadvantaged group in contrast to the Sunni Moslems, who make up much of Iraq's elite and officer corps.

Thus, some specialists in Washington believe that the Iraqi soldiers do not feel they have much of a stake in the war.

Call for Peace Talks

MANAMA, Bahrain (UPI) — Chadi Klibi, the Arab League secretary-general, called Saturday for a negotiated settlement of the Iraq-Iranian war, the Gulf News Agency said. He said only "the enemies of Islam" were benefiting from the hostilities.

WORLD NEWS BRIEFS

British Rail Drivers Strike Again

LONDON — Britain's rail network was halted again Sunday as train drivers continued a series of strikes in a dispute over pay and productivity.

The Associated Society of Locomotive Engineers and Firemen called its members out two days last week and threatens to halt trains again on Wednesday, Thursday and Sunday. British Rail's board is to meet Tuesday and might suspend the strikers without pay, which in turn could prompt an indefinite strike. British Rail has refused to pay the 20,000 drivers the 3-percent second stage of an agreed wage pact without a commitment on increased efficiency.

Meanwhile, there were persistent reports that voting on a walkout by Britain's 250,000 coal miners, who were advised by their union executive to strike in support of a 23.7-percent pay raise, was much closer than expected. Moderate executive member Trevor Bell said it looked unlikely that the 55-percent majority needed to call a strike would be reached. Counting will be completed Wednesday.

Reagan Wants New Cuba Trade Curbs

WASHINGTON — President Reagan has said the United States should strengthen its trade embargo against Cuba, but can no longer maintain an effective embargo against the Soviet Union without help from other countries.

In an interview published Sunday in the February issue of Reader's Digest magazine, Mr. Reagan said, "I think tightening our trade embargo is of help because Cuba's economy is in desperate straits." He did not elaborate on how the administration would tighten the embargo, which has been in effect since 1962.

Mr. Reagan also said the U.S. grain embargo against the Soviet Union, which he lifted last April, was largely ineffective. The embargo was imposed by former President Jimmy Carter after the Soviet intervention in Afghanistan in December, 1979.

Moscow Roof Collapse Said to Kill 50

MOSCOW — The roof of a robot-testing building here collapsed Jan. 8, killing about 50 persons, unofficial sources said Sunday.

There has been no official word on the accident at the Enims robot works on the grounds of the Ordzhonikidze machine tool factory, according to the sources.

The accident occurred after a heavy snowfall accompanied by temperatures hovering around minus 15 Fahrenheit (minus 26 Celsius), the sources said, and pipes under the roof froze and burst. The inner walls, not anchored to the structure's foundations, slowly crumbled and brought down half the roof, the sources said.

Israel Defers Peace-Force Decision

JERUSALEM — Israel's Cabinet postponed deliberations Sunday on letters from four European countries offering to join the Sinai peace-keeping force.

Cabinet Secretary Arieh Nisri said the Foreign Ministry had not had enough time to study the letters. But a high Israeli official said the obstacles to European participation seemed to have been removed. The force is to patrol the Sinai when Israeli forces complete their withdrawal April 25.

Israel initially threatened to bar Britain, France, Italy and the Netherlands from the force because they linked participation to a call by the European Economic Community to involve the Palestine Liberation Organization in negotiations for a comprehensive Middle East peace accord. The new letters make no such reference.

Canada, Egypt Sign Nuclear Accord

CAIRO — Egypt and Canada signed a general joint statement on bilateral nuclear cooperation Sunday, paving the way for negotiations on the purchase by Egypt of Canadian reactors, uranium, heavy water and technology.

In the statement, the two governments agreed to cooperate in the peaceful use of nuclear energy "pursuant to an agreement for cooperation to be negotiated." The statement was signed by Marc Lalonde, Canada's minister of energy, mines and resources, and Egyptian Foreign Minister Kamal Hassan Ali.

For Ex-Rhodesians, Refuge Is a State of Mind

Immigrants in South Africa Take a Different View of Race Relations

By Joseph Lelyveld

New York Times Service

JOHANNESBURG — Technically, there are no Rhodesians left in the world, since there is no Rhodesia. But white immigrants who are streaming into South Africa from Zimbabwe cling to the name and to racial attitudes that sometimes seem to put them to the right of most local whites.

"I'm a Rhodesian," insisted Robin Ross, a farm machinery salesman. But the Rhodesia that he and other recent immigrants still inhabit is a memory and a state of mind, not a place. A used-car salesman named Ed Johnstone, whose showroom in central Johannesburg is bedecked with Rhodesian regimental flags and a brass plate proclaiming it to be the "Unofficial Rhodesian Embassy," summed up the attitude.

"I miss Rhodesia; I don't miss Zimbabwe," he said. Couching his reason for leaving in ideological rather than racial terms, the dealer said he had pulled up stakes not because blacks had taken over the country but because "Communists" had.

The same view was expressed by an anonymous letter writer to a rightist English-language daily here called The Citizen who asked why the South African government of Prime Minister P.W. Botha was being so soft on "the Marxist dictatorship now being established in Salisbury" under Prime Minister Robert Mugabe.

"My very un-Christian advice, born of bitter experience," the letter declared, "is an eye for an eye, and if you can extract two of their teeth for your one, so much the better."

A liberal-minded member of Parliament for the governing National Party, who has tried to ease the way for former Rhodesians settling in his district, said his African upbringing and his experience of white politics in South Africa had still not prepared him for the sort of racial remarks he regularly heard from the newcomers.

The politician said he was starting to worry that some of the whites from Zimbabwe would find their way into extremist groups that are already enjoying something of a revival.

At least 10 percent of the 200,000 or so whites who were in Rhodesia the day it became Zimbabwe 21 months ago are now in South Africa. According to Interior Ministry statistics, about 14,000 whites from Zimbabwe arrived in 1981, helping make it the biggest year for white immigration that South Africa has seen since 1976.

In all, there were about 40,000 immigrants, more than double the level of two years ago, when the number of new arrivals barely exceeded the number of South Africans who emigrated.

The largest group of immigrants were economic refugees from Britain, mainly the dependents of skilled workers who have been recruited by South African companies that still find it cheaper and easier to overcome shortages of craftsmen with foreign workers than to train large numbers of blacks. Most recently, South African recruiters have been in Vienna signing up Polish refugees.

It is the former Rhodesians — possessing what they believe to be a special insight into racial conflicts — who become most conspicuous and are likely to have the most impact.

In simplest terms, their experience tells them that such conflict in the land they have chosen is likely to get a lot worse in the coming years and that South African whites are too complacent.

On the part of the former Rhodesians, there is disapproval especially of the way Afrikaners treat blacks. In their own country, they prided themselves on being more polite and on having to rely less on obviously repressive laws than they were more adaptable in their racial attitudes. But it is the adaptability of the Afrikaners that bothers them in South Africa.

Rob Hinwood, a mechanic who works in a garage where the other employees are mostly Afrikaners or blacks, is nonplussed by the relations between the two groups.

Mr. Mugabe pledged government action to take greater control of the white-dominated mining and farming sectors. He said the government wanted to create a situation in which businesses would be run and owned by the workers.

"But we will not take the businesses by force; we will buy what we can take over," he said. "Whatever we take will be handed over to the workers so that they share the profits."

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which are much too close for comfort by his standards. "Lots of the guys get very, very friendly," he said. "Some of them even let blacks call them by their first name. Where I come from, that's a no-no."

The sense that there was something excessive about race relations in South Africa stuck in his mind. Those who hated blacks seemed to hate blacks too much, he said, while South African blacks show none of the respect for whites that the former Rhodesians regard as their due.

Similarly, a steelworker now employed in Benoni, near Johannesburg, spoke nostalgically of the "very good girl" who used to look after his children in Gwelo, in Zimbabwe. He would not entrust the children to a South African black, he said. "It's their choice," he said. "They've been educated far too fast."

Most Conspicuous

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Mr. Mugabe pledged government action to take greater control of the white-dominated mining and farming sectors. He said the government wanted to create a situation in which businesses would be run and owned by the workers.

"But we will not take the businesses by force; we will buy what we can take over," he said. "Whatever we take will be handed over to the workers so that they share the profits."

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Acting President Mauno Koivisto voting Sunday in Helsinki.

Finland Starts Voting For a New President

HELSINKI — Finns began voting Sunday in the first stage of finding a presidential successor to Urho Kekkonen, who for 25 years guided their country in its delicate relations with the neighboring Soviet Union.

Opinion polls indicated that 40 percent of the voters, in choosing an electoral college, would cast their ballots for Finland's biggest party, the Social Democrats, who have nominated Premier Mauno Koivisto as their candidate. The 301-member college will appoint a president Jan. 26.

Mr. Kekkonen, 81, was prominent in moves toward East-West détente that culminated in the 1975 European Security Conference held in Helsinki.

He resigned in October because of ill health. It was uncertain whether he would be physically able to cast his vote during the balloting Sunday and Monday in which 3.9 million Finns are entitled to take part.

A high turnout has been predicted, especially in view of relatively mild winter weather.

The Front-Runners

The latest opinion polls indicated that about 20 percent of the vote might go to the Center Party, which is backing Johannes Virolainen, the speaker in Parliament. A similar percentage is forecast for the conservative National Coalition Party, which has nominated Harri Holkeri.

Mr. Koivisto, 58, who has been acting president during Mr. Kekkonen's illness, has long enjoyed wide popularity. But his avowedly non-Marxist brand of social democracy has alienated the Stalinist wing of the Communist-dominated People's Democratic League while still leaving him open to attacks from the right.

The eight presidential candidates include one backed by the league, which may win enough support to play a significant role in the final choice by the college.

The principal issue in the campaign has been the question of who could best manage the country's foreign policy. To become Finland's first leftist president, Mr. Koivisto would need backing from outside his own party, if the opinion polls prove correct.

Shifting Alliances

Two of the small parties have already said they would back him in the electoral college, but this might not be enough to ensure his election. In any case, the college is theoretically free to give the presidency to any qualified Finn.

The results of the two-day election could also leave the parties with almost unlimited scope for electoral deals, with many members crossing party lines before a new president is finally selected.

U.S.-Czech Relations Expected to Stay Cool

By Henry Kamm

New York Times Service

PRAGUE — Despite a recent hopeful development in relations between Czechoslovakia and the United States, officials of the two countries remain pessimistic about the possibility of a thaw in the frigid atmosphere.

At the end of last year, President Reagan signed a measure ending a controversy that dates from the Communist takeover in 1948. It would also make Prague richer by 18.4 tons of gold.

The gold was seized by Germany from Czechoslovakia in the Nazi occupation of the country in World War II. It was recovered by the United States at the end of the war and placed under a U.S.-British-French trusteeship pending the distribution of seized assets to all occupied countries. The United States sequestered the gold when the Communist regime in Prague seized all private enterprises, including the holdings of Americans and of Czechoslovaks who had fled from the Nazi occupation and become U.S. citizens.

Twice, in 1964 and 1974, complex negotiations led to initialing of agreements, but both were ultimately rejected in Washington. The current agreement has gained the consent of Congress and the president's signature, and Czechoslovak and U.S. officials expect it to be concluded, possibly this month, with an exchange of signatures.

Prague has agreed to pay \$81.5 million to U.S. claimants, and in return the gold will be sent here. French approval was given many years ago, and Britain has more recently given its consent. U.S. officials consider the settlement favorable to the claimants.

But an act that might have been a symbolic turning point in relations is expected by neither side to have that effect. In the U.S. view, Czechoslovakia's convergence of opinions with Moscow and the government's repression of dissidents and disregard for other human rights preclude progress.

This is particularly so, U.S. officials say, because of Czechoslovakia's strong endorsement of the military crackdown in Poland. Prague's insistent denunciations of liberalization in Poland are regarded by many Czechoslovaks as having been a mirror image of the harsh criticisms that Poland expressed of Czechoslovakia's brief "spring" in 1968.

The official Prague information outlets have been virulent in their comments on Mr. Reagan's sanctions against and criticism of the Soviet Union over Poland's martial-law measures. On the other hand, there has been no official response to Mr. Reagan's approval of the gold-claims settlement.

In an interview, a prominent official voice, the acting chief editor of the Communist Party newspaper, Rude Pravo, denounced even the gold agreement.

"Unstable Partner"

"We still think of the United States as an unstable partner, who changes his word under pressure," said the editor, Zdenek Horeni, referring to the rejections of the earlier agreements. "We have now in titled the third accord. We accept it under blackmail the claims of the American administration."

The editor, who is also an alternate member of the party's Central Committee and president of a union of journalists, did not explain what he meant by blackmail.

A senior Foreign Ministry official dealing with U.S. affairs described the relationship with the United States as one in which Prague's doors were always open while Washington refused to sit inside.

While Czechoslovakia is always ready to receive official visitors the highest level, the official visit to Czechoslovak ambassador has been received by a secretary since 1969. He added that 1976, without explanation, the United States canceled a project visit by a Czechoslovak deputy foreign minister to Washington.

Czechoslovakia chafes at U.S. refusal to grant it most-favored-nation status in tariffs — refusal that greatly reduces access of Czechoslovak products to U.S. market — as well as Export Import Bank credits and guar- tees.

Not only does Prague's attitude on human rights make the grant of trade privileges unlikely, such a grant also requires under a formal commitment that country will practice a liberal policy of allowing emigration.

The Czechoslovak official said that Prague was liberal in its attitude, but refused to give a for- assurance.

"We can't subscribe that so one will check every year if we are good boys or not," he said. "This is demagogic."

A Western diplomat in Prague reviewing the outlook for balancing the gold settlement against Soviet-U.S. tension, Poland, Czechoslovakia's involvement, trials and harassment dissidents and persecution churchmen unwilling to accept official restrictions, seemed resigned. "This will be a tough year," said.

The more you know about Scotch, the more you like Ballantine's.



Tax Increase Decision Is Viewed as Imminent By Senate Republicans

By Steven R. Weisman

WASHINGTON — Republican leaders of the Senate have pressed President Reagan to accept a \$45-billion package of tax increases to bring the federal deficit down in the next two years. They said a decision by Mr. Reagan on the matter was imminent.

After a 75-minute session with Mr. Reagan on Friday at the White House, the senators said the president had not made a final decision on whether to include tax increases in his budget. But they arranged to appear before reporters in the White House press room was another sign that Mr. Reagan was prepared to overcome his personal misgivings and approve a measure to improve government revenues.

"Nobody wants to advocate tax increases," said Sen. Robert J. Dole, Republican of Kansas, who is chairman of the Senate Finance Committee. "But we're concerned about the deficit in '82 and '83."

The other Republicans advocating tax increases were Sen. Howard H. Baker Jr. of Tennessee, the majority leader, and Sen. Pete V. Domenici of New Mexico, chairman of the Senate Budget Committee.

Agreement Predicted

Mr. Baker predicted that Republicans in both the House and the Senate would come to an agreement with the White House on the basic ingredients in the 1983 budget, which Mr. Reagan plans to submit on Feb. 8. The budget is for the fiscal year that begins next Oct. 1.

"A decision is imminent," Mr. Baker said. "I think that within the next few days you will have a decision by the president on these issues."

White House officials, at the same time, suggested that Mr. Reagan would almost certainly attempt to keep his decision on tax increases secret at least until the time of his State of the Union message on Jan. 26.

Several weeks ago, it was disclosed that Mr. Reagan's top aides at the White House advocated a \$45-billion, two-year package of increases in taxes on liquor, gasoline, tobacco and other items.

Then last week, Treasury Secretary Donald T. Regan, a longtime opponent of tax increases, yielded and endorsed the idea. On Monday, the necessity for some increases got the endorsement of some Republican leaders in the House, although the House members disagreed sharply on which revenues to increase. A few also continued to oppose tax increases.

White House officials expect the president to approve a package yielding roughly \$15 billion in new revenues in the 1983 fiscal year and another \$30 billion to \$35 billion in 1984. The aim is to bring

the 1984 deficit down to \$55 billion to \$60 billion, compared with a projected last month of \$162 billion by the Office of Management and Budget.

In addition to gasoline, tobacco and alcohol, the administration is being asked to consider new taxes on natural gas combined with a decontrol of natural gas prices. Mr. Reagan is on record as opposing taxes on natural gas, but other officials have said he might accept them from Congress.

Some members of Congress also want Mr. Reagan to increase taxes on luxury items, and Sen. Dole's staff is exploring the idea of a new minimum tax on corporate income.



ALL IN THE FAMILY — Charles S. Robb, a Democrat, being sworn in as governor of Virginia. With Gov. Robb at the inauguration in Richmond was his wife, Lynda Bird, a daughter of the late President Lyndon B. Johnson.

GOP to Spend \$63 Million on 1982 Elections

New York Times Service

ORLANDO, Fla. — The Republican Party intends to spend more than \$63 million this year to increase its strength in the already Republican-controlled U.S. Senate and to retain or improve its present level of 192 members in the House of Representatives, according to party campaign strategists.

Although the party in power in the White House usually loses seats in an off-year congressional election, Republican political directors said Saturday that conditions in 1982 were ripe to "break history." They said the Democrats could be outmaneuvered in financing, campaign technology and ac-

Gov. Carey Says He Will Not Seek 3rd Term in N.Y.

New York Times Service

ALBANY, N.Y. — Gov. Hugh L. Carey has announced he will not seek election to a third term and will devote himself instead to an effort to make New York state "at once compassionate and competitive."

Surrounded by his family, Cabinet and closest aides, the 62-year-old governor said Friday, "I have decided to devote all of my strength to finishing the work of these past seven years, to achieving a program that sets a certain, safe course for this state's future, to seeking a victory more enduring and more important than any personal triumph at the polls."

The governor, whose standing in public opinion polls has fallen to a low, appeared in good humor throughout the address but seemed near tears at the end of his statement, when his staff members gave him a standing ovation.

His announcement came as he prepared to propose a 1982-83 budget, which the state's budget director has said would elicit "screams and yells." Gov. Carey is expected to ask for increases in the gas for state services and in the gasoline tax. Many programs are expected to be cut severely.

Gov. Carey, who began his first four-year term Jan. 1, 1975, has long had presidential ambitions and has recently relished his role as a Democratic Party spokesman in denouncing Reagan administration policies.

Teamster Leaders Reported to Back Wage-Freeze Plan

Washington Post Service

WASHINGTON — Teamsters union negotiators have agreed to a new nationwide trucking contract that sources close to the talks said includes a wage freeze, a reduction in cost-of-living increases and other major concessions aimed at preserving the remaining union jobs in the industry.

Details of the new contract were not announced, pending ratification by the union rank and file, but Teamster President Roy L. Williams said Friday the provisions will protect the jobs of about 300,000 Teamster drivers and other employees covered by the National Master Freight contract.

Since the last contract was signed three years ago, more than 120,000 Teamsters have lost jobs because of the economic slump and new competition from non-union truckers taking advantage of government deregulation of the industry.

According to sources close to the trucking negotiations, the Teamsters' leadership accepted a contract that includes a wage freeze for at least one year. It was not clear whether the agreement would permit the Teamsters to seek a renegotiation of the freeze later in the 39-month contract.

The tentative agreement goes next to the Teamsters' 110-member negotiating committee, and then to rank-and-file members. The current agreement expires March 31.

Presidential Nominating Process Gets Major Revision by Democrats

By David S. Broder

Washington Post Service

WASHINGTON — The Democratic Party's rulemakers, moving away from the reforms of recent years, have rewritten the delegate-selection procedures in ways likely to increase the power of big-state delegations, elected officials and party leaders in 1984.

They also increased the maneuvering room of all delegates and made it harder for the adherents of minority causes and candidates to be as influential in the convention hall as they were in 1972, 1976 and 1980. In the future, personal pledges or state laws notwithstanding, delegates can vote for any candidate. The principle of proportional representation that allotted delegates to trailing candidates in primary elections will be

bent in states that choose to use bonus delegates or a so-called "loophole" primary.

In a night and day of fast-moving decisions Friday, the party's commission on presidential nominations, headed by Gov. Jim Hunt of North Carolina, also delayed the start of the 1984 voting by pushing back the Iowa caucus and the New Hampshire primary.

Gov. Hunt said at the conclusion of the session that the decisions will "help us win and help us govern" and "will make the convention more representative of the mainstream of the party."

In three sessions that began after dinner Thursday and ended early Friday evening, the commission:

- Set aside about 550 seats at the 1984 convention — about 14 percent of the total — for unpledged elected and party officials, including up to two-thirds of the Democratic senators and representatives.

- Freed pledged delegates from the threat of replacement by the candidates they originally promised to support and allowed them leeway to reflect the changing sentiment of their constituents.

- Permitted all states to provide a bonus for the winning candidate at the expense of trailing minority candidates.

- Permitted 13 "organization states," including New York, Pennsylvania, Ohio, Illinois and Texas, to return to the previously banned "loophole primary," where a plurality of voters supporting the leading candidate can elect all the delegates.

The changes, reversing the trend of the past 12 years toward increasing grass-roots activists' control of Democratic presidential nominations, were supported, in the main, by members of Congress, state party chairmen, leaders of organized labor and representatives of former Vice President Walter F. Mondale and Sen. Edward M. Kennedy of Massachusetts.

The recommendations will be approved in final form by the commission at a meeting in early February and then must be reviewed by the Democratic National Committee before going into effect.

Under the new timetable, Iowa

retains its status as the first caucus state, but would move its date from Jan. 21, as it was in 1980, to Feb. 27. New Hampshire would still be the first primary state, but it would be held March 6 instead of Feb. 26 as in 1980.

Here is what the commission did on the major issues:

- Unpledged delegates: More than 400 slots for unpledged delegates will be apportioned among the states, on the basis of their delegation size and the number of major elected Democratic officials. Among those unpledged delegates will be up to two-thirds of the House and Senate Democrats, chosen by their respective caucuses. The remaining uncommitted slots will be distributed by state committees to Democratic governors, big-city mayors and other elected and party officials.

- Pledged delegates: The commission unanimously killed the "locking" rule that allowed a candidate to pull off the convention floor any delegate who threatened to bolt and bring in a loyal replacement.

- Proportional representation: The commission voted to allow both caucus and primary states the option of offering a "winner-take-most" bonus of one delegate in each congressional district to the high candidate in that district, before the remaining delegates are apportioned by popular vote.

Portuguese Rally Against A-Bombs

LISBON — Tens of thousands of demonstrators have marched through Lisbon and the northern city of Oporto in Portugal's first big protest against nuclear arms.

In a statement supporting Saturday's rallies, Portugal's pro-Soviet Communist Party said that the only threat to the country is from the United States and that serious proposals for ending the arms race have come from Socialist countries, not the United States.

Portugal's main opposition party, the Socialists, boycotted the rallies, saying the organizers were deliberately ignoring a Soviet nuclear threat to Europe.



Clifford Robert Olson

Canada Police Paid Killer For Evidence

By Henry Giringer

New York Times Service

OTTAWA — A 42-year-old construction worker who pleaded guilty to the murder of 11 children in the Vancouver area was paid \$100,000 by the Royal Canadian Mounted Police for revealing the graves of some of his victims.

The payment, disclosed by British Columbia's prosecutor moments after the trial ended Thursday, has touched off a political uproar in Canada, with critics demanding a parliamentary investigation.

Robert Kaplan, the federal solicitor general who has jurisdiction over the Mounted Police, acknowledged that the deal raised "moral questions." Earlier, he defended the payment but said authorities did not have a "standing offer of \$100,000 for a body."

Disclosure of the payment came outside the Vancouver courtroom after the defendant, Clifford Robert Olson, suddenly changed his plea from not guilty to guilty. He was sentenced to 11 concurrent life terms.

Parole in 25 Years

Mr. Olson, who was a suspect in the case when paid to lead the police to the graves, will be eligible for parole after 25 years. But Justice Harry McKay recommended that he never be freed. Mr. Olson has spent half his life in prison for other crimes, such as burglary.

The murders — from November, 1980, to August, 1981 — involved the deaths of three boys and eight girls. The victims, ranging in age from 9 to 18, disappeared from their homes in the Vancouver area in southwestern British Columbia.

Mr. Olson, who is married and has an infant son, is reported to have come under suspicion as early as December, 1980. Although he was under surveillance, five additional murders were committed the following July. He was charged with one of the murders in August — the stabbing of 14-year-old Judy Kozma.

When the trial opened Monday, Mr. Olson entered a not-guilty plea. His lawyer had been expected to try to establish grounds for insanity.

Change of Mind

The defendant suddenly changed his mind, however, explaining that he wished to spare his family and the families of his victims the anguish of a prolonged trial.

Attorney General Allan Williams told reporters that Mr. Olson had been paid \$30,000 for evidence in four of the murders and \$10,000 for each additional body that he helped the police find.

According to a police document, there had been some doubt about whether the evidence would be admissible in court. The idea of recovering the money was also contemplated, although Mr. Olson's wife was said to have already drawn \$90,000 of it from a trust account established in her name.

Explanations for the willingness of police to pay Mr. Olson included the lack of hard evidence, and the desire to end the uncertainty facing the families of the missing children.

French Barge Crash Kills 5

United Press International

METZ, France — Five men died and two were reported missing after a barge rammed a bridge across the Moselle River in eastern France and broke a gas line early Sunday, police said. Twenty-seven rescue workers were treated for gas poisoning and houses in the town of Richemont were evacuated.

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Nicaragua, Though 'Anti-Yanqui,' Discovers That U.S. Is Still Needed

By Warren Hoge

New York Times Service

MANAGUA — Everything from auto license plates to government stationery proclaims this country to be "Free Nicaragua," but the reality is that its fortunes are dependent upon other countries, particularly the United States.

Its economy can be rescued only through the cooperation of the Western financial community, and

NEWS ANALYSIS

political peace can be won only through an understanding with Washington.

It is an unhappy fact of life for a revolutionary leadership that fought under an "anti-Yanqui" banner and largely believes in Marxist analysis. But it is an accepted fact, and the poor state of relations with the Reagan administration is a source of genuine despair and, at times, fear in Managua.

"We know that we cannot produce the profound social gains we want if we are in confrontation with the United States," said Sergio Ramirez Mercado, a member of the three-member governing junta.

The Reagan administration believes the Sandinistas mean to extend their ideas of governing and the influence of the Soviet Union and Cuba throughout Central America, and it has reacted in a way that justifies Mr. Ramirez's use of the word "confrontation."

Military Threats

U.S. officials talk openly of sponsoring or supporting military moves against this country of 2.5 million people. On the diplomatic front, they are trying to persuade other Western governments to reduce their backing for the revolutionary regime. In response, the Sandinistas are intensifying the buildup of militias and reserve units and scrambling to hold the

Suspension Is Ended For Nicaraguan Paper

The Associated Press

MANAGUA — Government security officers have allowed La Prensa to resume publishing after a two-day suspension. The suspension was the sixth imposed by the leftist government that came to power in July, 1979.

La Prensa was occupied by Nicaraguan soldiers after a demonstration Wednesday outside the newspaper's offices by supporters of the ruling Sandinistas. Three persons were wounded in a shooting, and police said three La Prensa employees, presumably guards, had been arrested.

allegiance of their supporters in Europe and in the Americas.

Among the charges directed at the Sandinistas by Secretary of State Alexander M. Haig Jr. is that they are constructing "a platform of terror and war," that they have "steadily increased the drift toward totalitarianism" and that they are proceeding to push against our fundamental values.

The administration accuses the Sandinistas of aiding the guerrillas in El Salvador and has cut U.S. aid in retaliation. Latin American and European diplomats based here and opponents of the Sandinista regime argue that it would be difficult for the Sandinistas to curtail all assistance to people that helped them in their own insurgency.

Secretary Haig's reported interest in being perceived as the shaper of U.S. foreign policy is nowhere more satisfied than in daily readings of the official Sandinista press. He has become the principal bogeyman.

"He seems to believe that the United States cannot lose one point, and we are one of those points," said Mr. Ramirez. "It's bringing back the politics of Taft and Teddy Roosevelt from the beginning of the 20th century."

Less Repression

Mr. Haig's charges also appear to be grounded in ideology. Despite his complaint that the Sandinistas are violating "fundamental values," it is indisputable that Nicaraguans today suffer less repression of fundamental freedoms than do the people of countries in the region like Guatemala and El Salvador whose rightist governments do not draw the same kind of critical comments from Washington.

"Nicaragua is not one of the governments in the hemisphere that has instituted summary execution or torture," said Tom J. Farer, a Rutgers University law professor who is president of the Organization of American States' Inter-American Commission on Human Rights. The group conducted a survey of Nicaragua in October, 1980, something it hopes to do shortly in El Salvador and has been rebuffed from doing in Guatemala by the government.

While stressing that he was barred from directly contrasting member nations, Mr. Farer said that Nicaragua was "in another category altogether" from more authoritarian Latin American regimes.

The Sandinistas' strong-arm tactics have included rigging the 51-member Council of State to assure themselves a majority, postponing elections until at least 1985 and restricting political parties to organizational activities short of "proselytizing." There has been minor harassment of opposition

political figures, but nothing approaching the assassination campaigns that have decimated the political middle and left in Guatemala and El Salvador.

The Sandinistas want to impose single party rule, and the election delay is seen as a strategy to provide more time for the full functioning of the mass organizations that they hope will give them highly responsive grass-roots backing.

Conquering Army

The Sandinistas marched into Managua in July, 1979, as a conquering army, and the proprietary sense it gave them persists. Significantly, the army and the national police are called the "Sandinista" rather than the "Nicaraguan" army and police.

Washington fears that the model they ultimately choose will be Cuba, where no opposition parties operate. However, the Sandinistas have not hampered the activities of the church or multinational companies, two victims of the Cuban revolution.

A third break with the Cuban experience, and one that Fidel Castro himself urged on them, is an attempt to achieve coexistence with the private sector. Businessmen still control 60 percent of the economy, and their departure from Nicaragua would most likely mean the loss of support the Sandinistas need from Europe, Latin America and the Socialist International.

Flying the blue and white Nicaraguan flag as opposed to the red and black Sandinista flag has taken on a combative nature in Nicaragua today. Blue, white and black flutter jointly above official buildings in Managua, as a number of interested parties wait anxiously for the country to show its true colors.

Armenians Claim Role In Paris, Geneva Blasts

Reuters

PARIS — Armenian activists have claimed responsibility for an explosion in Paris and two in Geneva. A bomb planted outside a bank in the eastern part of Paris caused serious damage to the building and blew out windows in buildings nearby, but no one was hurt, the police said. Two explosions in Geneva damaged parked cars but caused no injuries.

In Paris, responsibility for the explosions was claimed by an Armenian group formed to gain the release of an Armenian imprisoned for taking part in the occupation of the Turkish Embassy in September. In Geneva, a caller told the police that the bombs were planted by a group seeking the release of a man of Armenian origin convicted of killing a Turkish consular employee.



HAITI INVADER — Jacques Pierre, left, one of a handful of invaders who set out to overthrow Haiti's government, leaves a U.S. Coast Guard station in Opa-locka, Fla. Mr. Pierre was injured in a fall aboard a sailboat before he was picked up by the Coast Guard off the Haitian coast. Some attackers were reported to have reached shore and to be holding out against government military forces.

NAACP Seeks to Enter Tax Case on Race Bias

By Stuart Taylor Jr.

New York Times Service

WASHINGTON — The National Association for the Advancement of Colored People has filed papers in the Supreme Court seeking to block an action by the Reagan administration that at least temporarily would grant tax-exempt status to more than 100 private schools that discriminate on the basis of race.

"For the first time in modern history, the United States government has explicitly condoned avowed racial discrimination," the NAACP said Friday in its unusual petition to intervene in a pending case.

In a related development, Sen. Howard H. Baker Jr. of Tennessee, the majority leader, and two other Republican Senate leaders said after a meeting with President Reagan on Friday that they would give a high priority to his suggestion Tuesday that Congress enact a new law prohibiting tax exemptions for organizations that discriminate on the basis of race.

Mr. Reagan, responding to a storm of public criticism, in effect asked Congress to outlaw the policy his administration had adopted four days before. Sen. Baker said that "the president was very emphatic" Friday that "he intended to have that legislation to us as soon as possible and for action soon."

"I don't think the president has ever been so misunderstood as he was on this," Sen. Baker said.

Lawsuits by 2 Schools

The Supreme Court case in which the NAACP sought to intervene Friday grew out of lawsuits against the government by Bob Jones University of Greenville, S.C., and Goldsboro Christian Schools of Goldsboro, N.C., which had been denied tax-exempt status by previous administrations because of their racially discriminatory policies.

The NAACP sought Friday to take up the defense of a legal position the administration abandoned a week ago, when it revoked an 11-year-old policy of denying tax exemptions to schools that practice racial discrimination and said it would grant tax exemptions to the two Carolina schools.

Mr. Reagan said Tuesday he would submit legislation to prohibit tax exemptions for organizations that discriminate on the basis of race — in effect, to reverse the new policy announced by the Treasury and Justice departments. But officials say that policy will eventually be put into effect unless Congress enacts a new law.

The NAACP and other civil rights groups contend the new policy is illegal and violates an anti-

standing court order in a case pending in U.S. District Court in Washington.

They cite the unanimous conclusion of the five federal court decisions on the issue that the tax laws do not provide for exemptions to racially discriminatory organizations.

U.S. Planetary Probes May Survive Fund Cuts

By George Alexander

Los Angeles Times Service

WASHINGTON — The U.S. planetary exploration program, in danger of extinction as recently as a month ago because of the Reagan administration's budget cuts, may be given new life through a series of smaller, less expensive projects in the 1980s, according to the president's science adviser.

The adviser, George A. Keyworth, who was a weapons physicist with the Los Alamos National Laboratory in New Mexico before he was appointed director of the Office of Science and Technology Policy, was widely quoted two months ago as having recommended that no new planetary projects be started in this decade.

But Mr. Keyworth said in an interview that he was only referring to "Voyager- and Galileo-type missions."

"We just won't be able to afford such big missions in the future," he said.

The \$600-million Voyager, which consisted of a pair of twin probes, explored the planets Jupiter and Saturn in 1979, 1980 and 1981, and Voyager-2 is en route to reconnoiter the planets Uranus and Neptune several years from now. The \$700-million Galileo is scheduled to be launched in 1985.

Favorite Target

Galileo has become a favorite target of both administration and congressional budget-cutters in recent years. Mr. Keyworth said he could not discuss the status of the project until the fiscal 1983 budget is released in another few weeks, but he implied that the administration would push for continuation of the project. Sources in the National Aeronautics and Space Administration confirmed this interpretation.

But Galileo may be the last of its kind for a long time. Instead, Mr. Keyworth said of future projects: "Can we come up with a series of missions with narrowly defined objectives in the size and

U.S. Considering Cruise Missiles As Carriers of Chemical Warheads

By Walter Pincus

Washington Post Service

WASHINGTON — The Army is studying the feasibility of putting chemical warheads on ground-launched cruise missiles of the kind now scheduled to be based in Western Europe, according to recently released congressional testimony.

The Cruise missile, with a range of 1,500 miles (2,400 kilometers), is one of a number of weapons being studied as possible carriers of a controversial new generation of bi-organic chemical munitions, according to the testimony.

By law, President Reagan must certify to Congress that production of new chemical weapons is in the national interest. Although he has not yet done that, the Pentagon has received White House approval for more than \$1 billion in the fiscal 1982 and 1983 budgets that would allow one kind of chemical weapon — the first nerve-gas artillery shell — to be turned out in fiscal 1984.

A decision by Mr. Reagan to resume building chemical weapons could set off new political turmoil in the North Atlantic Treaty Organization, since these weapons would be primarily designed for use in Western Europe.

At a hearing before the House Appropriations Subcommittee on Defense last September, Maj. Gen. Niles J. Fuhrer, director of the Army's nuclear and chemical weapons directorate, said that the concern of the NATO governments over chemical weapons "derives in a great deal from the civilian population."

"If chemicals are used, the civilian population would be greatly affected," he said. "Neither we nor they provide protection to the civilians."

The Pentagon maintains a stockpile of aging chemical weapons in West Germany and the United States. They are of an old design that has the nerve gases and other chemicals already mixed. The binary weapons are considered safer

by Pentagon officials since their two nonlethal chemicals that make up the eventual toxic agent are not mixed together until the weapon is fired.

Moratorium Lifted

Last year the administration lifted a 12-year moratorium on producing chemical weapons and got Congress to approve \$23 million for building facilities at Pine Bluff, Ark., where binary chemical weapons would be produced. At that time, the NATO allies were reassured that building the facility did not necessarily mean production of weapons would be authorized, sources said.

After recent reports that a Pentagon study had recommended basing the new chemical bombs in England, Defense Secretary Caspar W. Weinberger, according

to sources, told alliance diplomats that no decision had been made on either production or deployment.

The United States stopped building chemical weapons in 1969, and later ratified the Geneva Protocol renouncing first use of them.

Although the United States in the past has built bombs to be dropped from airplanes and short-range rockets that deliver poisonous nerve gas and other chemical agents, the use of the Cruise missile would be the first time such chemicals would be in a warhead with so long a range.

Because it could deliver nerve gas, it was not intended to be a target in the Soviet Union, the Cruise missile would be the most controversial of all systems being proposed for the new chemical weapons.

White House Orders New Curbs on Media

By Jack Nelson

Los Angeles Times Service

WASHINGTON — The Reagan administration, in another attempt to control the release of information, has issued a sweeping order instructing government officials to clear all major media interviews with the White House.

The order, in the form of a memorandum to Cabinet secretaries from James A. Baker 3d, the White House chief of staff, applies to requests for interviews from print journalists as well as to requests for radio and television appearances.

The order is not as restrictive as President Reagan's directive last Tuesday curbing government employees' contacts with reporters on national security issues, but it is more sweeping in that it covers all subjects and applies to a broader range of government officials.

Last Tuesday, Mr. Reagan, deploring leaks of classified information as "a problem of major proportions," banned federal employees from "all contacts with any element of the news media in which classified National Security Council matters or classified intelligence information are discussed," unless such contacts are approved by "a senior official."

The memorandum was distributed to officials at a Jan. 6 Cabinet meeting, according to a White House source, and was signed by Mr. Baker but written by David R. Gergen, Mr. Reagan's communications director.

"Specifically," Mr. Baker told the Cabinet members in the memo, "it is requested that whenever you or anyone under your jurisdiction receives an invitation for an interview on a Sunday talk show, morning network television, ... or other major press appearance, that you consult with the White House prior to your acceptance."

Government officials have interpreted the order to mean that they must get White House approval for all individual interviews with

print journalists. And the White House reportedly has been flooded with requests for approval of media contacts since the memo was issued.

Mr. Gergen said Friday that the memo was not intended to be an order that would restrict individual interviews with print journalists. However, he said, because of reports that it has been interpreted that way, he has called a meeting of government public information officers for Monday to clarify the matter.

Mr. Baker's memo was given to Cabinet officials and was circulated among heads of agencies and senior White House officials. It has led to distribution of additional memorandums on the press restrictions to lower-level officials and has been given high priority in staff discussions in some departments.

'Major Press Interviews'

Arthur P. Brill, the Justice Department's deputy director of public affairs, said that the order did not apply to all press interviews, just "major press interviews." Asked how he could distinguish between the two, he answered, "On a case-by-case basis."

Although Mr. Baker's memo has not surfaced publicly before, there were news accounts last week of a memorandum from John R. Block, the secretary of agriculture, to his subordinates that was based on the Baker order. It specifically mentioned the restriction on print interviews.

However, at the White House, Larry Speakes, the deputy press secretary, appeared to be unaware of the wording of the Block memo and denied that it applied to print journalists.

Asked about the memo, Mr. Speakes said, "I think there's been a large amount of confusion here between the classified material — confidential, top secret, etc. I would like you to mentally draw a line here in your minds about this."

Precautions Ordered By U.K. on Boeing 737

By Richard Witkin

New York Times Service

WASHINGTON — Authorities in Britain have ordered all British operators of Boeing 737 airliners to take special precautions in snow or freezing rain to guard against accidents on takeoff.

The order follows the crash of an Air Florida 737 into a Potomac River bridge in Washington during a snowstorm Wednesday, killing 74 of the 79 persons aboard and four on the bridge. By nightfall Saturday, 50 bodies had been recovered from the icy water.

The order by Britain's Civil Aviation Authority had evidently been in preparation before the accident last week. The sources in Washington said the inquiry into the Air Florida crash would include the incidents that led to the British action.

The London order, issued Friday, specified that the action was being taken because of several incidents in which Boeing 737s had

shown a tendency to climb precipitously or roll after taking off in snow or other forms of freezing conditions.

British pilots of Boeing 737s were ordered to take two steps. First, when wing flaps are extended to certain moderate positions, pilots are to increase the takeoff speed at least 2 to 5 knots above normal. Second, they are to limit the rate by which the nose is lifted, into the air to 3 degrees per second.

There has been no firm indication that a slow takeoff or excessively rapid lifting of the nose had anything to do with the Washington accident. In fact, Frank H. McAdams, a member of the safety board team investigating the crash, said Saturday that preliminary indications are that the flaps of the Air Florida plane had been extended beyond the moderate position found in all previous incidents.

However, safety experts have been concentrating on the weather conditions as the likeliest possible answer to why the plane was unable to climb properly. Specifically, they think there may have been a buildup of snow or ice on the planes' surfaces.

The Boeing Co., builder of the 737, issued an operator's bulletin last June similar to the British order. But that was an advisory, while the British order makes the precautions mandatory.

Officers' Release Reversed in Chile

The Associated Press

SANTIAGO — Chile's highest court has reversed a military court decision that freed three high ranking secret police officers accused of conspiring to kill for mer Foreign Minister Orlando Letelier.

The ruling Friday by the Supreme Court of Justice said in the presence of Gen. Manuel Contreras, Col. Pedro Espinoza and Capt. Armando Fernandez, "has not been clearly established." The decision cleared the way for reopening an investigation into Mr. Letelier's murder.

The three officers had been acquitted of forging passports allegedly used by assassins to kill Mr. Letelier with a bomb in Washington in September, 1976. The case was prosecuted and freed after 1978 request by the United States for their extradition.

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Total Audience			2,266,000

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SENIOR EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
PRODUCT MARKETING MANAGERS		Apple Computer (hardware/software).	Paris	4-6 yrs. exp. in multifunctional data processing or engineering environ.; min. 2 yrs. exp. in hardware or software mktg.; Exp. +.	Miss M. MacLaughlin, Apple Computer Int'l, 7 Rue de Charonne, 92200 Nanterre, France.	L.H.T. 7-1-82
FINANCIAL OPERATIONS Management-level	Competitive	The World Bank.	Washington	Proven mngt. capability; Univ. deg. in Bus. Admin./Econ. or equiv.; exp. +; exp. in financial & capital markets.	Ref. #1: 2-3 FRAM 224, The World Bank, 1818 N. Street, N.W., Washington, D.C. 20433.	L.H.T. 7-1-82
GENERAL MANAGEMENT	c. NFL 120,000	Marine, Building & Industrial Paints.	Middle East	Competence in all aspects of mgt., finance, prod., sales & mktg.; essential; Exp., educ. to deg. level.	M.R.T. Rotherworth, WINDOCH, Knightbridge House, 187 Knightsbridge, London SW7 1NL.	L.H.T. 7-1-82
EXPORT AREA MANAGERS		A world leading medical product manufacturer.	Europe	Success. exp. in medical surgical products; export selling ability & ability to accept respons. for export areas mgt.; Exp.	Box D 1065, International Herald Tribune, 92521 Nanterre Cedex, France.	L.H.T. 6-1-82
Group Personnel & Administration Manager	c. £24,000 tax free	Int'l Contractors Group.	Kuwait	Grad. with prov. personnel mgt.; 15 yrs. personal admin. exp. with 10 at managerial level; Exp. + knowl. Arabic.	Ref. #2: 2440 A/RT, Trenchard & Co., 1 Little New St., London EC4A 3TR, Tel: 01-333 0611.	L.H.T. 7-1-82
CONTROLLER	6000 Swiss Francs + Bonus	Importeur/Hersteller Investitions- und Elektroausrüstung.	Hamburg	Deutsches Hochschulzeugnis, Erfahrung in U.S. oder A.L. Technologiebereich; Import, Personal, Führung, Englisch.	Lehrstuhl für Englisch an Ernst & Whinney Bank, an der Bankgasse 7, 5 Frankfurt/M. 1, Tel: 0611/28271.	Frankfurt A.H. Zeit. 8-1-82
FINANCIAL CONSULTANT	to US \$45,000	Saudi Arabian Government Agency.	Riyadh, Saudi Arabia	BA or CPA qual.; 2-5 yrs' post qual. exp. in auditing & financial consulting; Exp. + Arabic.	Ref. #3: 1081, R.R. Wenden, 2531 Middle East, 17 Stratton St., London W1X 0BH.	L.H.T. 8-1-82
ENTREPRENEUR		Franchises de produits audiovisuels & haute technologie.	Paris	Solide professionnelle; forte type grande école ou école de commerce; langues en contact; antécédent de bon investissement; Fr., Ang.	Ref. #7: 1236, Organisation de Publicité, 2 Rue Marceau, 75001 Paris.	L.H.T. 12-1-82

مكتبات الاصل

Social Frustration Is Seen as Cause of Terrorism in China

By Michael Weisskopf
Washington Post Service

PEKING — A disgruntled taxi driver docked her bonus after a dispute with her boss plowed her car at high speed into a crowd of Chinese tourists a week ago, killing several persons, according to informed Peking sources.

Three to 10 persons were killed — the reports vary — and as many as a dozen were seriously injured, including the young driver who finally smashed into the marble bridge leading to the Forbidden City.

Known acts of terrorism have been rare in the tightly controlled Chinese society since the open warfare of the Cultural Revolution ended a decade ago. Although inner-family violence is not uncommon, public outbursts are considered unusual.

In the past 18 months, however, sporadic episodes of terrorism reportedly have caused hundreds of deaths and maimings. There has been a bombing in the Peking train station and on a Fujian bus, a short-lived uprising in southern China and communal fighting in the northwest.

While these incidents are isolated, foreign observers regard them as symptoms of a larger, more pervasive social frustration caused by the clash of rising expectations and economic scarcity and by the sense of individual helplessness in an autocratic political system. Communist leaders who once inspired the nation to revolt now acknowledge this slow social boil and take every precaution to contain it.

Although many middle-aged and elderly Chinese are content in the quiet, more moderate China of Deng Xiaoping, the Communist Party deputy chairman, the society still crackles with resentment and cynicism from two groups that consider themselves the newly disenfranchised.

First are the hundreds of thousands of demobilized soldiers who cast their fortunes with what had once been a secure and prestigious job only to be sent back to their impoverished rural homes because of budget cuts that forced a reduction in China's huge standing army.

Perhaps more alienated is the so-called lost generation — mil-

lions of young people, now in their 20s and 30s, who sacrificed their educations and career ladders to participate in the Cultural Revolution.

The Peking cabdriver falls into this age group. Said to be in her early 20s, she was working in the lowly service sector, like many of the Cultural Revolution refugees.

According to Chinese sources, she was told Jan. 10 that she would lose the next two months of bonuses because of an argument with her boss over wages. Bonuses can nearly double a cabdriver's income. Angered, she drove her 1940s vintage taxi to historic Tiananmen Square, where thousands spend their day off visiting the Forbidden City, the Martyr's Memorial, museums and Mao's mausoleum.

Passing Mao's resting place, she

picked up speed and turned into the crowd, knocking down a photographer's stand and dozens of people until she slammed the vehicle into the Golden Water Bridge outside the Forbidden City, according to Chinese sources.

The woman, whose name is unknown, was hospitalized with head injuries.

Hospital workers who worked overtime to receive and treat the injured were shocked that the woman would turn her anger against innocent people.

No Comment

As usual in cases of public security, officials refused comment. The Foreign Ministry, which takes questions of foreign reporters, would only say the matter was under investigation.

Fifteen months ago, a demoni-

zied soldier from the countryside who had been denied permission to live in the same city as his girlfriend set off a huge explosive device at the main railway station of the Chinese capital. Eighty-one bystanders were hospitalized and nine died, including the young bomber, who reportedly had dressed for the occasion in his old army uniform.

In the coastal city of Fujian, a crowded bus was blown up last June, killing 50 passengers and injuring 150, according to Zheng Ming magazine, a journal based in Hong Kong. The writer, who claims to have been a witness, said that local authorities later discovered that one of the passengers had planted a bomb because he was depressed over marital or job problems.

Zheng Ming also reported that

more than 3,000 former soldiers calling themselves the Disillusioned Brigade because they were unable to get jobs after demobilization staged a violent uprising in a small south China town last July, all but taking it over for three days before they were repulsed.

In China's sensitive northwest region that borders the Soviet Union, communal fighting and ethnic group demands for greater self-rule have shaken social stability in Xinjiang Province and prompted top party leadership changes.

The most recent incident took place last June when 200 of the largest minority group, the Uighurs, tried to storm a Chinese Army base near the city of Kashi, according to a Xinjiang source. The Uighurs were beaten back and their leaders arrested after intense fighting, the source said.

Gandhi Increases Funds for Scientific Research

By Michael T. Kaufman
New York Times Service

NEW DELHI — Prime Minister Indira Gandhi's government, in an attempt to stimulate India's often sluggish bureaucracies of science and technology, has increased direct investment in research from \$576 million to \$888 million a year.

Mrs. Gandhi has assigned the highest importance to revitalizing a scientific establishment that, despite its achievements in space and nuclear energy, is often described as imitative, slipshod and wasteful.

The prime minister recently named S.M. Swaminathan, an internationally honored agricultural scientist, to lead a national scientific council that will coordinate India's hundreds of research institutions. At the same time, Mrs. Gandhi said all vacancies in the fields of scientific research would be filled immediately.

Mrs. Gandhi makes frequent public statements extolling India's scientific achievements or exhorting more and better research.

Antarctic Trip Praised

Most recently, she congratulated scientists aboard India's first laboratory vessel bound for Antarctica. There had previously been praise for those scientists responsible for sending an Indian satellite into space with a payload designed and made in India. There are also frequent references to India's status as one of the nations that can by itself maintain the full nuclear-fuel cycle, from the refining of ore to the reprocessing of waste.

Yet, as their achievements are being acclaimed, Indian scientists are questioning whether their country is a scientific nation and even whether it will ever be one.

For example, countering government publicity statements are articles by people like Subbiah Arumachalam, an officer of the Council of Scientific and Industrial Research, who in a series of reports

charged that science in India was poorly practiced.

Among the reasons he suggested were a lack of motivation and discipline, a national preoccupation with quantity rather than quality, the absence of a critical tradition and the frequent watering down of pure scientific research by what he said were often faddish assertions made under the banner of applied research or applied technology.

Little Impact Abroad

After studying international scientific journals, Mr. Arumachalam concluded that Indian work had relatively little impact abroad.

Another view of Indian science, published in the United States Bulletin of Atomic Scientists, said that 60 percent of all investment in scientific research in India involved space, atomic energy and defense, and that "the contribution of this

type of research to the national economy and social and public welfare has been next to nothing."

Even scientists involved in these programs conceded that on a cost-accounting basis, more and better hardware could probably have been acquired by shopping abroad. But they said intangibles such as teaching, training skilled engineers and building scientific self-confidence justified their efforts.

Mrs. Gandhi, who is said to read widely on scientific issues, has balanced praise of the space program with admissions that the country has "not succeeded in providing facilities and a general climate to fully encourage intellectual inquiry."

Giri Deshpande, a fellow at the Center for the Study of Developing Societies, said military work, though secret, was probably of the highest quality and that the space

research center in Bangalore was regarded as the most successful of all laboratories.

He said that the universities pour out thousands of graduates whose doctorates are either plagiarized or the equivalent of a term paper in a Western college. In general, the national laboratories developing tools and methods of operation for industry and farms have failed, Mr. Deshpande added.

His assessment supported the view of a Western scientist here who said that at the upper levels of each discipline India had produced scientists of the "highest caliber" but that there was little depth. He said that at the government airplane-design plant in Hyderabad there were 60 top aeronautical engineers but that the design of any significant aircraft would require at least 2,000.

Seymour Hess, Space Meteorologist, Dies

New York Times Service

NEW YORK — Seymour Lester Hess, 61, the meteorologist who issued mankind's first weather report from Mars, based on data radioed from that planet by the Viking 1 spacecraft, died Friday.

"Light winds from the east in

the late afternoon," Mr. Hess reported in Pasadena, Calif., on July 27, 1976, after looking over the data radioed from Mars by the Viking lander, "changing to light winds from the southwest after midnight. Maximum wind was 15 miles per hour." At the time, he was leading a team of meteorologists monitoring the Mars probe.

Moshe Harif

TEL AVIV (AP) — Moshe Harif, 49, a member of the Israeli

Knesset (parliament) from the opposition Labor Party, was killed Saturday in a traffic accident in which his wife and eldest son also died.

Charles G. Whiteford

BALTIMORE (UPI) — Charles G. Whiteford, 67, former national editor and chief reporter on government and politics for The Baltimore Sun, died Friday.

Emil C. Danenberg

OBERLIN, Ohio (AP) — Emil C. Danenberg, 64, the president of Oberlin College and a noted pianist and teacher, died Saturday of cancer, college officials said.

Jack V. Fox

OXNARD, Calif. (UPI) — Jack V. Fox, 63, a retired United Press

International correspondent, died Friday of cancer. He was described by his first boss, Walter Cronkite, as the quintessential wire service newsmen for his fast and vivid reporting on stories from murder trials to space shots.

R. Parker Sullivan

SANTA MONICA, Calif. (AP) — R. Parker Sullivan, 67, chairman of the board and chief executive officer of General Telephone from 1962 to 1979, died Thursday of a heart attack.

John Jarman

OKLAHOMA CITY (AP) — John Jarman, 66, who represented Oklahoma in Congress for 26 years, died Friday of cancer. He switched from the Democratic Party to the Republican Party in 1975, a year before he retired.



Dr. Julio Iglesias Puga covered his face as he arrived in a police car at his Madrid apartment house Sunday after being held by kidnappers. His son Carlos shielded him from cameramen.

Troops Raid ETA Hideout and Free Captive Unhurt

United Press International

MADRID — Anti-terrorist troops Sunday freed the kidnapped father of Spanish singer Julio Iglesias and arrested four persons, all Spaniards, in a raid on a Basque hideout of the ETA extremist group.

Dr. Julio Iglesias Puga, 66, was unhurt after 19 days in captivity, police said. Two men who police at first thought were Latin Americans abducted Dr. Iglesias, a gynecologist, Dec. 29 at his Madrid clinic and demanded a \$2-million ransom from his son. No ransom was paid, police said.

Premier Leopoldo Calvo Sotelo phoned Julio Iglesias at his home in Miami to inform him of the successful operation.

Authorities said two young ETA members were arrested in the early-morning raid on the two-sto-

ry house by special operations troops and detectives.

"From when the first sound was heard until the troops stood in my room only six seconds went by," Dr. Iglesias told his son Carlos.

Carlos Iglesias said at a news conference that his father had been dragged by the kidnappers and "taken to their prison in the trunk of a car."

The man and woman who own the house in the Zaragoza village of Trasmor, where Dr. Iglesias was held, were also detained.

Interior Minister Juan José Rosón led the raid operation from a command post in Madrid.

An official statement said the earlier arrests of several suspected ETA members had been crucial in locating Dr. Iglesias. It said 13 persons were being held under anti-terrorist legislation as a result.

U.K. Alliance Argues Over Seats

But 'Carve-Up' Is Seen as Essential to Gaining Power

By William Borders
New York Times Service

EXETER, England — Stephen Menzell, secretary of the local branch of Britain's new Social Democratic Party, thinks his party can easily win the Exeter seat in the next parliamentary election — but only if the local Liberal Party will stand aside in its favor.

Michael Browning, chairman of the Exeter Liberals, believes his party can also win next time — but only if the local Social Democrats stand aside.

And so, like local officials of the two parties all over Britain, Mr. Menzell and Mr. Browning have been negotiating, mindful of the undisputed fact that their alliance must remain unified if it is to have any hope of defeating Britain's two major parties, Labor and Conservative.

"After all, the game we're in is a game about power," Mr. Browning said, explaining why his Liberal Party will very likely agree not to run a candidate in Exeter, in exchange for Social Democratic concessions elsewhere in this southwestern corner of England.

Alliance Leads Poles

The Social Democratic Party was founded a year ago by four disaffected Labor Party members — all former Cabinet ministers. It was only last fall that the Social Democrats agreed to tie the electoral alliance with the Liberals who, despite a distinguished past, have

been in eclipse for most of the 20th century.

With the Labor Party torn by a bitter ideological dispute and the Conservative government holding firm to an unpopular economic policy, the new alliance has quickly become a credible political alternative in Britain. A Gallup Poll published just before Christmas gave it 51 percent, with the Conservative and Labor parties tied at 23 percent each.

Everything depends on what the politicians describe as "the great carve-up" of Britain's 635 parliamentary seats, dividing them equally between the two alliances parties. But some constituencies are far more likely to be won by an alliance candidate than are others, and both parties want as many of these seats as possible.

Exeter, for example, is "so winnable for us that it may be given to a national figure from some other part of the country," according to John Tyler, a former member of Parliament who is coordinating the Liberals' negotiations for the whole state of 15 seats in Devon and Cornwall, including Exeter.

Mr. Tyler said this city, now in the hands of the Conservatives, presented the right mix for a strong alliance showing. Though the Liberals have not won seats here in recent times, they have usually made strong showings. With the help of the Social Democrats, the alliance hopes to take addi-

tional votes from the Labor and Conservative parties.

"The great carve-up" will ultimately help determine the senior party in the alliance and the process has aroused high passions on both the local and the national level.

Earlier this month, William Rodgers, one of the Social Democratic Party's four national leaders, angrily broke off the negotiations with the Liberals, accusing them of "thinking in terms of their own limited local interests," rather than of the alliance's broad national goals.

Although the outburst was a sure sign, as one political commentator after another put it, that the two parties' honeymoon was over, they resumed negotiations a few days later. In a significant gesture of conciliation last week, the Liberal candidate in a Glasgow constituency agreed to step aside in a coming by-election in favor of Roy Jenkins, who is the only one of the four Social Democratic leaders who is not in Parliament.

The Social Democrats' invitation with the Liberals — as expressed by Mr. Rodgers — persists.

Mr. Menzell, 37, the Social Democratic Party secretary in Exeter, who quit the Labor Party last January, put it this way: "For the Liberals, the end of the game too often over the years has been pinning up candidates and running in elections — not winning elections or governing. Now there is a real chance of governing, but they must remember that the only reason for that chance is that we have come onto the scene."

Schmidt Says Plan For U.S. Missiles Will Not Change

Reuters

BONN — Chancellor Helmut Schmidt has said the United States would station new medium-range nuclear missiles in West Germany even if Bonn withdrew its support for the deployment.

Although Mr. Schmidt did not elaborate Saturday on his statement, Western diplomats said the U.S. was entitled, as one of the victorious World War II allies, to equip its forces in West Germany with whatever arms it chose. They said they could not recall the chancellor raising such a prospect previously.

Mr. Schmidt was defending his support for NATO plans at a rally of his Social Democratic Party in north Bavaria.

The chancellor has threatened to resign if his party changes its stand and rejects the NATO decision, which foresees deploying 572 Cruise and Pershing-2 missiles in Western Europe from 1983 unless Moscow agrees to arms curbs. U.S. and Soviet negotiators are discussing such controls at disarmament talks that resumed in Geneva last week.

Budget Complicates EEC Farm Price Talks

Reuters

BRUSSELS — Already embroiled in a dispute over who pays what into Common Market funds, the 10 members of the European Economic Community this week began their annual battle over farm prices.

Despite the continuing quarrel over the community's costly food surpluses, the EEC Commission appears ready to propose one of the most generous price increases in several years, diplomatic sources said.

The EEC executive body will meet Monday to decide how much more the community should pay out this year under its system of guaranteed prices for its 8 million farmers.

If it makes its proposals final — and differences among the 14 commissioners may cause delays — agriculture ministers from the 10 countries will take their first look at the package on Tuesday.

That will mark the start of what diplomats believe will be months of tough bargaining.

Added Significance

This year's negotiations have added significance because lengthy talks have so far failed to produce a plan to reform a \$25-billion budget that allocates more than 60 percent of total spending to agricultural subsidies.

EEC foreign ministers ended the latest round of talks on Friday, still split on the issue of cash rebates to Britain and milk subsidies to small farmers.

Poul Dalsager, the Danish agriculture commissioner, plans to ask

his colleagues to agree to a "standard" increase of around 9 percent for many key products, the diplomats said.

Poor farmers in Mediterranean areas reportedly would be offered more while affluent cereal producers in Northern Europe could expect less under that plan.

Mr. Dalsager is likely to insist, however, on limits on the present system of guaranteed prices to make producers bear more of the cost of selling off surpluses, the sources said.

The EEC executive body hope such measures will put a permanent brake on future spending.

Delay Expected

In the key area of dairy subsidies — the single most expensive item in the EEC budget — Mr. Dalsager is likely to postpone any recommendations until foreign ministers resume their talks on budget reform next week, the sources said.

Farmers, who say they need a 16.3-percent price increase to cope with rapidly rising costs, are expected to be unhappy with the proposals, however.

Mr. Dalsager's proposals are also likely to cause dissatisfaction in Britain and West Germany, whose governments have been trying to put a tight lid on spending in an effort to control inflation.

Britain, whose hefty net payments into EEC funds originally prompted the negotiations on budgetary reform, believes the huge agricultural budget is the cause of the problem.

British officials say the fight over financial reform is thus bound to spill over into the farm price talks, foreshadowing even tougher bargaining that usual.

The recent rise in world agricultural prices, however, has given a strong boost to defenders of the EEC's agricultural policy.

The higher world prices have drastically cut community spending on food export subsidies. With such outlays falling, France and other countries with large farming populations have been able to argue that there is no need for fundamental reform.

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Reach out and touch someone

Démarche Polonaise

Having devoured their society to satisfy the Russians, the Polish putschists keep throwing one lean bone to the West. His name is Mieczyslaw Rakowski, a deputy premier who has mastered the dialects of liberalism as well as Communism. The military junta has given him the Ministry of the Heavy Heart and made him its ambassador to the dollar democracies to beg sympathy and credits.

Whatever hope democrats want to find in the Polish situation, therefore, has to be heard in Rakowski's melody. As carefully played for The New York Times's John Darnton in Warsaw recently, it is a sinister tune.

The true purpose of martial law, Rakowski finally acknowledged, is not to root out a few extremists of both the left and the right. It is to crush Solidarity and to do away with the right to strike — the first and principal concession made to the union in the summer of 1980. To end martial law anytime soon, he said, would "just return to the situation before the 13th [of December], and this modern polonaise — the strike dance — would start anew."

Two themes contend in that refrain. One is that the junta, for all its promises to reconstitute an "independent" union, will never again yield the right to strike. The other is

that, given even a modicum of freedom to speak and assemble, the Polish people would never work for this regime.

"Why should we be so foolish as to stake everything on a drastic step and then just give it up and go back to what we were?" Rakowski continued. Stake everything means a fight to the finish. Humanity means being merciful if victorious.

"We will have to live with these people. We'll conduct a policy not marked by hate or hostility, but by political realism. The stabilization will lead to the releasing of those who are ready to agree to the fact that they can't fight against the system but can participate in work for necessary changes."

Lech Walesa? "He's being talked to... Without his advisers, he doesn't mean much... Events have overgrown him."

The West's offer of more credits if the government makes peace with Solidarity and the church?

"This is an internal matter. For the West to ask us to abolish the state of war is the same as if I asked Great Britain to abolish its royal system. It's a cynical play..."

That can only mean that the West's denial of further credits would be a stroke of idealism.

THE NEW YORK TIMES.

Plugging the Leaks

Pretty much on schedule, President Reagan has gotten aroused by news leaks in the national security area and, through his new national security adviser, has pledged to crack down by "all legal means" — a welcome qualification — on officials who do the leaking. At the Pentagon, no less a figure than the deputy secretary of defense, chasing one especially embarrassing leak, has taken a lie detector test. The promise of a broadly open government, followed by the grim pursuit of the inevitable unauthorized disclosures, seems to be a pattern that all administrations fall into after a time.

The press has, of course, a vested interest in open government and in opening up government. Nor does this interest fade in the national security area. On the contrary, journalistic enterprise and competitiveness often increase in that area, not simply because it is newsy but because there the errors attributable to excessive secrecy can be egregious. Precisely because so much security business is conducted behind closed doors, the press has an obligation — if it is to perform well its first duty of informing the public — to find out what it can.

The news media do not contend that a government has no claim to privacy in deliberating on national security policy and no

claim to secrecy in some of its decisions. But as a practical matter, the media as a group go after every legitimate story that comes into view, accepting the restraints imposed by journalistic professionalism but not those imposed by official decree. If secrets are to be kept, it must be the government, not the media, that keeps them.

If there is broad, though not full, agreement in U.S. society on which party should keep the secrets, there is not broad agreement on what constitutes a secret, or a legitimate secret. Unsurprisingly, the government's definition is much more inclusive than that of the media. Mr. Reagan is said to be outraged, for instance, over the disclosure of classified matters that have not even been presented to him for decision.

He is in a long line of outraged presidents. Making policy in an involuntary goldfish bowl can complicate the life of public officials. It can also give the public the opportunity to enlarge its influence before policy is set in concrete. This is one of those tensions that, in a democratic society, it is best not to expect to resolve. It helps explain why the media can understand why President Reagan has given the leak-seekers a new charge, and why it cannot cheer them along.

THE WASHINGTON POST.

And Now, 8.9 Percent

The U.S. administration's anti-inflation program is working — although not as the administration had planned and hoped. It had intended to create many new incentives throughout the economy. The autumn's surge of industrial layoffs has certainly created, for several million Americans, the most urgent kind of incentive to tighten belts, cut spending, work for lower wages and engage generally in non-inflationary behavior. The unemployment rate in December, the government reports, was 8.9 percent. As a strategy to stabilize prices, this one is costly, cruel and slow. It is a reproach not merely to this administration but to the country as a whole that it has been unable to agree on anything better.

Recessions, from time to time, may well be inevitable. But unemployment on the present scale is not. It is the result of the failure of Americans — business people, working people and the politicians who represent them — to come together on any policy except the simple and brutal one of the monetary wringer enforced by high interest rates. And it's futile to blame the Federal Reserve. With budget deficits rising, it has very little control over interest.

Unemployment is very likely to continue rising in the course of the winter. And it's not solely a cyclical downturn that will automatically reverse itself later in the year. Beneath

the cycle there seems to be a slow, continuing weakening in heavy industry, with little prospect of returning even to last summer's numbers of jobs. There were unemployment rates of 15 percent in Michigan, 12.5 percent in Ohio and 9.8 percent in Pennsylvania — the steel and automobile states.

Economic growth in the United States all but stopped about three years ago. Since then, unemployment has moved only one way. The present deterioration is best viewed as the second phase of the W-shaped recession that began in January, 1980, under the previous administration. Unemployment was then just over 6 percent. The first phase of the recession was sharp but brief. When it ended, the following summer, the rate was up to 7.6 percent. It declined only slightly over the following year until last July, when the second half of the recession began.

This administration intends to grit its teeth for the next few months and assure its uneasy allies in Congress that a recovery will get started next summer before the election campaigns begin. Maybe so — and then again, maybe not. Mr. Reagan inherited an economy that was trapped by high interest rates; a year later it is still trapped. Whatever happens next summer, it will begin with unemployment stuck on a plateau by far the highest since World War II.

THE WASHINGTON POST.

Other Opinion

Tears From the Iron Lady

She is good-looking with a perfect hairdo. She might never win a beauty contest but she never has any problem picking her male escort to a dinner or a dance, including powerful men like Ronald Reagan, Francois Mitterrand, Helmut Schmidt. She did not shed a tear when England was burning because of riots. She did not grieve when a number of Northern Ireland youths on hunger strike died senselessly. She is Margaret Thatcher.

That was the general impression until somebody up there agreed to test her iron strength. She broke down in tears as fears mounted for the safety of her 28-year-old son, missing for a week in an African car rally. But there are thousands of British mothers whose sons have been lost forever and who are still grieving. Hopefully, through her own personal grief and ordeal, the Iron Lady can be moved to do her job in a more compassionate and mellow way.

— From the Indonesian Observer (Jakarta).

Jan. 18: From Our Pages of 75 and 50 Years Ago

1907: Guggenheim Elected

DENVER — Mr. Simon Guggenheim has been formally elected U.S. senator. In his speech of acceptance he declared he had given up his commercial career to devote himself to the duties of his office, including the directorship of the American Smelting and Refining Company and 14 others to which salaries are attached totaling \$75,000 per annum. Mr. Guggenheim is a multimillionaire and one of the family that dominates the copper and silver markets. In a recent interview he frankly confessed that he expected to be chosen senator because he had contributed so generously to the campaign funds of a majority of the Colorado Legislature.

1932: New Drug Treatment

ITHACA, N.Y. — A new treatment for drug addicts that it is claimed will completely cure the morphine habit within six days, without causing any discomfort to the sufferer and leaving no craving for further drugs, was announced today by scientists of Cornell University. The remedy consists of a compound with which the nervous system and the brain are washed of the habit. The craving for drugs, scientists believe, is due to the thickening of the protein in brain cells. This condition persists even after the use of narcotics has been stopped. The new treatment is described as an antidote of sodium rhodanate, which thins out the thickened proteins of the brain cells and thus ends the habit.

Israel's Cruel Dilemma Over the West Bank and 'Security'

By Philip Geyelin

RAMALLAH, Israeli-Occupied West Bank — By way of illuminating an aspect of the tormenting "Palestinian" issue that you don't hear much about, allow me to introduce three distinguished figures from around here:

Ibrahim Dakkak, the chairman of the West Bank engineers' union and trade association and frequent participant in past international gatherings of engineers; Akram Haniya, newly elected chairman of the West Bank Journalists' union and editor-in-chief of the East Jerusalem daily newspaper, Al Shab; and Gaby Baranki, acting president of Bir Zeit University for the past seven years and a participant two years ago in an Aspen Institute "Great Books" summer seminar in Colorado.

Pillars of their communities, right? Wrong, by the standards of the Israeli occupation authorities. Dakkak is under "town arrest." Forbidden to leave Jerusalem even to visit relatives in Bethlehem and confined to his home from sundown to dawn, he was briefly imprisoned recently.

You find Haniya in a cramped, damp fourth-floor walk-up "office" in Ramallah, more than 10 miles from his newspaper, which he runs largely by telephone. He has been under "town arrest" for 18 months and was recently released from 31 days in an Israeli military jail. His cell was not much

more than 12 feet by four feet, and he shared it at times with as many as three other inmates. He was given nothing to read and was allowed out only once a week for a shower. He had no lawyer for six days, bail was refused; six hours of interrogation were devoted not to specific charges but to "political attitudes" (all this by his account).

The main rap against Haniya and Dakkak is the same: membership in a national guidance committee established by prominent West Bank municipal leaders and professional people in opposition, ostensibly, to the Camp David "autonomy" framework for the West Bank. The committee is now largely incapacitated by a calculated campaign of "town arrests" that effectively makes it impossible for the group to meet.

Why? Because Israeli occupation authorities see it as "extremely destructive," in the words of Menachem Milson, a former professor of Arab studies who now heads up the Israeli government's new civil administration for the West Bank.

The guidance committee, Milson says, has reason to know, "is the arm of the PLO in this area and behind incitement and calls for murder."

Baranki is marked in a different way. His university was closed for two months when

violent demonstrations broke out in November and students stoned Israeli security forces. He is on stern notice that he will be held strictly accountable for any more student disturbances — off campus or on.

He is also marked in another sense: by the "terrible rage" of his teen-age daughter, who was caught up in a demonstration on her way home from school two months ago and hit in the leg by a discharging bullet fired from a rooftop by an Israeli soldier. "You can hardly find a family that hasn't got somebody who has been shot, arrested, physically abused or financially injured by the occupation," he says. "After 14 years, it touches everybody."

Three case histories, each inherently controversial (the transient visitor is ill-equipped to weigh every allegation, let alone "secret evidence"). But each is illustrative of Israel's cruel and, to some degree, self-imposed dilemma. By its own definition of its "security" requirements, it cannot afford to let go of the West Bank, as it is doing with the nearly vacant Sinai.

But neither can Israel hold onto it without somehow "taming" an unruly and resistant Palestinian Arab populace. For this, the government of Prime Minister Menachem Begin can see no alternative to repression,

not just of active terrorists but of Palestinian causeurs who in every other respect would be counted as respected citizens.

Assuming no negotiated solution — which is what Israeli policy seems increasingly to assume — the obvious question is whether it will work. The Palestinians tell you resistance will only stiffen, others that it will wither.

But suppose that, after a fashion, the policy does work. Can an Arab population of 1.2 million people (the West Bank plus Gaza) be fitted into the concept of a Jewish state? At this point, in most speculation, a South African analogy is conjured up.

Suppose it doesn't work. Here you get the Ulster analogy. For how long can Israel reconcile cherished and traditional values with "security" measured in arbitrary confinement, censorship, bans on assembly, reprisals (the flattening of homes) against provocations (stones or homemade gasoline bombs thrown at Israeli military vehicles) that are not exactly eye-for-an-eye?

The answer almost has to be that, for any protracted period, it can't. Yet this is the aspect of the "Palestinian problem" that one hears the least about. You can see what Israel is doing to the West Bank. What you can only sense is what the West Bank is doing to Israel.

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The Need for a Space Policy: Thinking the Unthinkable

By Trudy E. Bell

Trudy E. Bell, a science writer and editor who specializes in aerospace matters, contributed this article to the Los Angeles Times.

NEW YORK — For the past

two years, the prospect of war in space has received wide public attention. In both technical and general-interest publications, articles have depicted guided warheads homing in on unfriendly satellites in orbit while laser battle stations in Earth orbit "death rays" at the speed of light and destroy ballistic missiles from Earth.

Amid all the Buck Rogers prose, some more sober articles have argued that directed-energy weapons such as lasers have inherent technical limitations. They could not be built on the scale required, they

would be prohibitively expensive and they would be vulnerable to certain relatively straightforward countermeasures.

Among engineers, Pentagon officials and policy-makers in Washington, the technical pros and cons of basing defensive weapons in space have sparked one of the most heated controversies since the emergence of the United States and the Soviet Union as nuclear superpowers. Underlying the controversy is apprehension over intelligence reports that the Soviet Union has anti-satellite capability, making U.S. spacecraft in low Earth orbit vulnerable to attack.

In fact, the arguments in Washington are centered less on

whether space weapons are technically feasible than on whether they are economical. As one defense contractor asked, "Is it cost-effective to put up a \$1-billion 'zap-sat' when an enemy can knock it down with a \$100-million homing missile?"

But both the technical and cost arguments miss — indeed, obscure — the central issue: the need for an explicit space policy defining U.S. military and civilian priorities and commitments in space over the next 10 to 15 years.

The United States has no articulated space policy — not even one so rudimentary as to legally define where space begins and territorial airspace ends. Many of the orbits

required for civilian satellites overlap those needed for military purposes, and technology for both is similar. The result is that decisions about civilian activities in space can be directly affected by national security concerns.

The two test launches of the space shuttle have demonstrated that it is possible to build a reusable space vehicle. Now that space shuttle technology has been developed, will the United States build a larger fleet than the announced four? Will the Defense Department "charter" flights from NASA or build up its own purely military fleet of shuttles, or take over the entire operation?

If the Pentagon intends to be-

come actively involved in the space "high ground" by, for example, building large battle stations in orbit, it will need the capacious cargo bay and lifting power of the shuttle to boost the materials into orbit, and the remote manipulator arm to assemble them there. (The shuttle itself is too fragile and cumbersome to function as a laser battle station.)

Large-scale commitment would require a second policy decision: whether to create a new branch of the armed services for space warfare. The Pentagon's space operations are run out of the Space Division of the Air Force. Systems Command — a research and development wing. All other operational military systems have their specific commands: Strategic Air Command, Tactical Air Command and the like. If the Pentagon decided to take a more active role in space, an arm such as a Space Command would be necessary.

Such a command would need its own basic policy defining its purpose and role. Would it be strategic, tactical or both? So far, most use for space-based weapons discussed in the media have centered on strategic uses, such as ballistic missile defense, presumably because these are the most dramatic. But laser weapons, for example, would also be powerful tactical defenses. Indeed, their tactical uses are probably simpler and could be operating within the 1980s.

As tactical weapons, lasers could stand apace "sentries," guarding U.S. assets in space. The survivability of our satellites is of grave concern. Measures are already being taken to harden their surfaces to make them more resistant to lasers, or make their sensors less susceptible to being blinded. It has also been suggested that special radiators be installed to reduce their infrared signature to infrared-homing missiles, or that "stealth" technology be used to hide them from radar-seeking missiles.

Alternatively, tactical laser weapons could effectively shoot down targets flying above 20,000 feet — such as high-altitude bombers and fighters. But such tactical use would also pay the high cruising altitude to planes.

The history of our past conflicts — particularly bitter lessons like Vietnam — has shown that the course of an international engagement is determined not by weapons alone but by an interaction of technology, tactics and policy. Danger lies in obscuring policy questions by technical and economic arguments. One must even question whether some pessimistic technical assessments are selectively invoked to try to stop us from "thinking the unthinkable" — a laudable aim, but one that works only when all parties concerned refrain from their thoughts.

Space warfare, something that is truly unthinkable but technically possible, should be prevented by hard-headed negotiation and verification of treaties, not cloistered in silence in the hope that if refused to acknowledge its existence the prospect will go away.



Poland and an Absurd View of Gun Control

By Phil Kerby

LOS ANGELES — The dispute over handgun control is not a controversy between the good guys and the bad guys. As increased U.S. sales of handguns show, many people feel they need a weapon for protection. At the same time, a growing number of others believe that strict control of handguns, or their elimination, is the most effective way to reduce the violence that plagues U.S. society.

These are honest differences and can be fairly argued, but as much cannot be said of a full-page advertisement published recently in major newspapers by the National Rifle Association. The advertisement, which attempts to convert the tragedy of Poland into an argument against gun regulation in the United States, is a meretricious and blatant piece of propaganda unworthy even of the NRA.

The association said the Polish people "are willing to fight the suspension of the funda-

mental rights of free men," but because "Poland has precisely the firearms laws that the NRA has been opposing in the United States," they are helpless. This absurd view suggests that the Poles, equipped with small arms, could overwhelm the Polish Army or, if need be, resist Russian tanks.

Drinking deeply of its own brand of paranoia, the association tells us to place our faith in guns as the "ultimate protection" against a possible takeover by a tyrannical government.

If in fact we keep a government that rules by the consent of the governed, our good fortune won't be based on guns but on the voluntary allegiance of Americans and their government to the Constitution.

But we do confront a danger — not from the nightmare vision of the National Rifle Association but from the reality that our streets and homes have been turned into shooting galleries by the most heavily armed

civilian population in history. It is estimated that there are more than 55 million handguns and 150 million to 200 million shotguns and rifles in private hands. The consequences of this private arsenal are inevitable. The national handgun death toll alone is above 10,000 a year.

It is a measure of the times that Los Angeles officials hailed the city's homicide statistics for 1981. The number of victims dropped from a record high of 1,028 in 1980 to 699 last year, and yet this figure for a city of less than 3 million is more than 250 higher than the average number of homicides each year in all of Britain, with a population of almost 56 million.

A British official concedes, "In the U.S., the gun is a part of the American way of life." More accurately, it is a part of the American way of death.

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Socialist Is Likely Popular Choice for Finnish Presidency

By Birger Viklund

The writer, who comments on foreign affairs in the Swedish labor press, contributed this article to the Los Angeles Times.

HELSINKI — If the people of Finland were to decide directly, their new president would be a Socialist, the first in Finland's 60 years as an independent nation.

His name is Mauno Koivisto, an economist and former longshoreman. Koivisto is the Social Democratic candidate in the current election. The sitting incumbent, Urho Kekkonen, 81, in office since 1956, had to resign because of poor health.

Finland is a parliamentary democracy but the president has considerable powers when it comes to forming new governments. Kekkonen on occasion used this power in force coalition governments to carry on, even when parties in the coalition wanted to break up. His position as elder statesman and former leader of the agrarian Center Party gave him an influence unforeseen in the constitution.

The president's main domain is still foreign policy, where his decision is without appeal. Kekkonen used this power to make the Finns understand that their big neighbor, the Soviet Union, has to trust Finnish neutrality. Finland has a formal treaty of friendship and cooperation with the Soviet Union. This is a no-nonsense agreement dictated by the geopolitical situation of Finland and the history of two wars — the Winter War of 1939 after Finland was given to

the Soviet Union in the Soviet-German Ribbentrop Pact, and the "Continuation War" from 1941 to 1944, when Finland more or less willingly joined Hitler's Germany to win back the territories lost in the Winter War.

The negotiator of the peace agreement in 1944 was conservative politician J.K. Paasikivi, later to become president. The Paasikivi line of foreign policy was one of friendship with the Soviet Union. This policy has been refined by Kekkonen.

The Paasikivi-Kekkonen line of foreign policy has been confirmed and cemented through numerous visits with Soviet leaders. Kekkonen's position as senior colleague of Nikita Khrushchev, Alexei N. Kosygin and Leonid I. Brezhnev has certainly helped promote an understanding among Soviet leaders of Finland's special role.

The word "Finlandization" is resented in Finland. It feels that this special relationship with the Soviet Union today is a contribution to world peace. "Finlandization" seems to indicate something short of independence and free choice of political system.

For Kekkonen's job, the heir apparent for more than two decades was Center Party leader Ahti Karjalainen, frequently serving as foreign minister in coalition governments and chairman of the permanent Finnish-Soviet Trade Commission. But he has developed a

drinking problem — he now says it is under control — and has been a little too ready to pose as the Soviet candidate to please the stubborn Finn. He was defeated inside his own party by Johannes Virolainen, speaker of the parliament.

The conservative National Coalition Party, the largest non-Socialist party, has its own candidate, Harri Holkeri, but nobody takes him seriously. The Communist Party, which has consistently won almost 20 percent of the popular vote in Finland, has a candidate, Kalevi Kivisto, but the party is split and the Moscow faction has declared that it favors Karjalainen of the Center Party.

Mauno Koivisto is acting president, since he was premier when Kekkonen resigned. Early polls

showed that he would have well over 50 percent of the popular vote, though the Social Democrats have never reached even 30 percent in elections.

But the people do not decide directly. They are choosing electors, and the electors can choose anybody after the first vote. So there will be a lot of horse-trading unless Koivisto wins more than 50 percent on the first ballot.

In their efforts to block the Socialist candidate, the non-Socialist parties are not above inviting the Russians to discredit Koivisto's foreign-policy reliability. This is especially true of Karjalainen, who still is very much a candidate.

Koivisto has had a successful record for a long time in a country that has had more than 20 gov-

ernments since the war. In a great degree, Finnish industry was built to produce for reparations to the Soviet Union after the war. But it recent times this industrial potential has been used increasingly for exports to the West. Finland has higher economic growth than most Common Market countries, a situation credited to Koivisto's economic policies.

This worries the Soviets, who recently invited Karjalainen to trade talks. Several large new projects in the Soviet Union are in balance. They would offer full employment to Finnish shipyards for several years and lucrative construction contracts in the Soviet Union. The fans guess, with a humor, that the invitation to Karjalainen, the Russian favorite, at the presidential elections are a disconnected.

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AMC Shuffle Adds To Renault's Clout

By John Holusha
New York Times Service

DETROIT — Gerald Meyers, chairman and chief executive officer of American Motors Corp., has stepped down in the first real shake-up of the company since it came under French control.

Mr. Meyers was succeeded by W. Paul Tippet Jr., who had been president and chief operating officer. Succeeding Mr. Tippet was Jose J. Dedeurwaerder, its executive vice president for manufacturing. Mr. Dedeurwaerder had joined American Motors from Renault, the French automaker that now controls 66 percent of the smallest of the four U.S. car makers.

Although Detroit immediately read the changes as a sign of Renault's discontent, they also mean the return of a familiar name in American Motors. Roy D. Chapin Jr., Mr. Meyers's predecessor as chairman, will head a new executive committee, the company said. Mr. Chapin's father helped found Hudson Motor Car Co., which merged with Nash-Kelvinator Corp. in 1954 to form American Motors.

According to Friday's announcement, Mr. Meyers "said he wished to pursue other interests and felt the time had come to turn over leadership of the company to the new team which he had put in place." Mr. Meyers, who is 54 years old and had been chairman since 1978, remains on the board.

Nevertheless, it appeared that Renault was responding to American Motors' poor financial performance and the lackluster sales of cars developed under Mr. Meyers's direction.

"Renault is following its money into AMC," Arvid Jouppe, an auto industry analyst with Colin Hochstetler Co. in Detroit, said. In his view, the changes foreshadowed a fundamental change of

role for the struggling auto company. "It seems clear that AMC is going to become a manufacturing and distribution arm for Renault," Mr. Jouppe predicted.

Renault has invested \$350 million in the company since October 1979. American Motors' sales of U.S.-made cars totaled only 136,682 last year, down 8.2 percent from the 149,438 sold in 1980, which was itself a poor year. The company lost \$156 million in 1980 and reported a loss of \$89.4 million for the first nine months of 1981. Its last quarterly profit, a meager \$1.3 million, came in March 1981.

"The fact is that Mr. Meyers is an engineering and product man who did not succeed in bringing out products that sold well," Mr. Jouppe said. In particular he cited the Eagle, a four-wheel-drive passenger sedan.

In its announcement, the company emphasized that Mr. Tippet's background in marketing and sales and Mr. Dedeurwaerder's experience in manufacturing AMC is due to being manufacturing an American version of the Renault R-9 model at its plant in Kenosha, Wis., this summer.

Mr. Dedeurwaerder supervised the marketing of the European version of the R-9. The car will be known as the Alliance in the United States.

The naming of Mr. Chapin as chairman of the executive committee was seen as a further indication that Mr. Meyers's departure was not entirely voluntary. It was widely believed that friction between the two men was responsible for Mr. Chapin's retirement from the company in September, 1978, at the age of 62.

American Motors has been unable to keep pace with its larger competitors, which have made enormous investments in new technology to produce more fuel effi-



Gerald Meyers
...The Eagle didn't fly

cient vehicles. While General Motors, Ford and Chrysler rushed new models with four-cylinder engines into production, AMC was saddled with an old-fashioned six-cylinder engine as its basic power plant. Only now is it preparing to introduce its own four-cylinder engine.

The two companies agreed in early 1979 on Renault's investing \$150 million for 4.7 percent of AMC's stock. In addition, AMC was to market Renault cars in North America, most notably the front-wheel-drive subcompact called the Le Car, while Renault was to sell Jeeps in certain European markets. In September, 1980, Renault tightened the link by investing another \$200 million, and wound up controlling 46.4 percent interest in AMC. Several directors of Renault joined the AMC board, and some French executives were given posts in AMC management.

Like the rest of the domestic companies, AMC is seeking wage concessions from its employees, but, in a novel approach, has pledged to repay the funds with interest once all its new products reach market.

Ford Reveals Meeting GM On Strategy

From Agency Dispatches

DETROIT — Ford Motor Co. Chairman Philip Caldwell confirmed Sunday that he met with General Motors Corp. Chairman Roger Smith to plot bargaining strategy before the start of current talks with the United Auto Workers union.

But, Mr. Caldwell said, Mr. Smith did not tell him of a plan to cut car prices in return for contract concessions.

Following the stunning announcement Tuesday by GM and the union to trade of concessions for price cuts, a source said an infuriated Mr. Caldwell called Mr. Smith to complain about it. Most proposals are made concurrently at both automakers.

Mr. Smith said Friday that he did not tell Ford about the agreement because of federal antitrust laws barring price discussions between firms. The plan was drawn up in secret by Mr. Smith and UAW president Douglas Fraser with help from other company and union negotiators.

"It's not legal for us to go and talk to Ford about prices," Mr. Smith said. But he added there is "nothing illegal" about the agreement with the union.

Union negotiators reportedly were appalled that GM did not inform Ford of the plan. They said antitrust violations were Ford's main objection to the plan. UAW Vice President Donald Ephlin has said Ford was concerned about discussing anything to do with car prices.

Three days after the GM-UAW agreement, Ford made its own offer to the union, seeking substantial cuts in fringe benefits over the next 2 1/2 years in return for job protection and profit sharing for the union's rank-and-file workers.

But the automaker so far has refused to embrace the concept of (Continued on Page 9, Col. 3)

Bewildered Borrowers Start Again From Zero

By Carl Gewirtz

PARIS — The market for traditional straight Eurobonds remained shuttered last week as potential borrowers waited restlessly for a sign that interest rates, responding to the recession, would begin to tumble. The wait was in vain and the calendar will likely remain empty this week.

Upsetting the fixed-coupon market were predictions that the U.S. money-supply data would show an enormous increase. The most negative of these forecasts proved correct, with the Federal Reserve reporting Friday that the M-1

A list of last week's zero-coupon issues:

	Total	Term	Initial Price	Effect. Yield
GMAC	\$250 million	10 years	\$252.50	14.76%
GMAC	\$150 million	8 years	\$340	14.44%
Atlantic Richfield	\$500 million	10 years	\$257.50	14.53%
Beneficial Finance	\$150 million	8 years	\$327	15%
Caterpillar Tractor	\$300 million	10 years	\$240	14.56%
Pepsico	\$100 million	10 years	\$250	14.42%
Wells Fargo	\$150 million	6 years	\$444	14.47%

flood of issues bearing zero coupon.

The first of these was a \$250-million offering by General Motors Acceptance Corp. sold to investors at 254. This meant investors were asked to pay \$252.50 to buy paper that would be worth \$1,000 at final maturity in 10 years. (It also meant GMAC sold \$250 million worth of paper but received only \$62 million in cash.)

The capital gain represented by this nearly four-fold increase in redemption value is equivalent to investors earning 14.76 percent interest each year.

Although details were made public, the issue was a virtual private placement, sold mainly in the Far East. But news of the deal and the subsequent absence of any paper in the market, fueled demand and triggered a wave of subsequent offerings including, late in the week, another \$150 million for

GMAC. This was an eight-year issue sold at 34 (\$340 for each \$1,000) for an effective yield of 14.44 percent. However, this paper was being offered at about a half-point discount for a yield of 14.65 percent.

Atlantic Richfield was second to launch an issue, starting at \$250 million but increased to \$500 million following heavy demand. By the end of the week, seven such issues had been launched and the market was showing signs of being unable to absorb all of the paper.

Striking Comparison

The most striking aspect of these issues is that the yield to investors is far below what the same borrower would have to pay if it had issued paper bearing a fixed coupon.

The premier credit in the dollar market is the U.S. government, whose 10-year paper last week, calculated in Eurobonds, was yielding investors 15.12 percent and whose seven-year paper was yielding 15.21 percent. The yields corporations would have to offer to sell paper would be scaled up from these rates. In fact, however, the companies sold zero coupon Eurobonds at yields ranging from 14.4 to 15 percent, well below what the U.S. Treasury is currently paying — which explains why the companies were in a rush to issue such paper.

So why are investors stumbling over themselves to buy such relatively low-yielding paper?

"It's wrong to look at yields," explained an investment banker. "The key to understanding these issues is the price."

"What investors are looking at is the opportunity to quadruple their money in 10 years, triple their investment in eight years or more than double their money in six years," he said.

Zero-coupon bonds offer this guarantee, provided of course that the issuer is still solvent at the time the paper matures, whereas paper

bearing a fixed coupon of the same amount does not.

This is due to the way the yield to maturity is calculated. To achieve a yield to maturity of 15 percent (as offered by Beneficial) on a fixed-coupon bond, an investor would have to re-invest the interest income received every year at the same rate of interest.

However, there is considerable uncertainty about interest rates remaining so high over the coming seven years. If long-term rates do decline, the yield to maturity on an eight-year bond issued today bearing a coupon of 15 percent will actually yield investors less than that.

Zeros, however, assure investors of a fixed yield to maturity.

There is also an element of speculation that attracts buyers. The value of a bond traded in the secondary market is partly a function of the size of the coupon. A bond carrying an annual coupon of 17 1/2 percent when interest rates for its maturity have fallen to 16 1/2 percent will trade at a premium, say at 103 or \$1,030 for each security bearing a face value of \$1,000 — bringing the yield of that older paper into line with those currently available.

When there is no coupon, as on zeros, the value of the bond will be uniquely a function of the price at which it is trading. The assumption is that as interest rates fall the price of zeros will move up faster than prices of coupon-bearing bonds.

For example, Pepsico last June sold \$75 million of three-year zeros at a price of 67 1/2. At roughly the same time, IBM sold \$100 million of three-year notes at par bearing a coupon of 14 1/2 percent. The IBM's currently are trading at 102 while the Pepsico zeros are quoted at 71 1/2 — a gain of 4 1/2 points, or 6.3 percent for Pepsico, compared to IBM's gain of 2 points, or 2 percent.

This kind of leverage appeals to speculators who expect, at least over the short haul, interest rates to decline.

There is, however, one hitch. The ability to profit from the greater price volatility of zeros (remember what goes up also can come down) depends on being able to trade them. But until now the secondary market is rather illiquid, making it difficult to trade.

The problem is simple: Traders borrow money to finance their inventory of bonds. They pay interest on those borrowings. To make a profit, the interest income they earn holding bonds has to be (Continued on Page 9, Col. 4)

The Debt Position of the Bell System's Local Operating Companies

Company	Current Debt Rating	Long and Intermediate Term Debt Outstanding, year end 1981, billions of dollars
Bell Telephone of Pennsylvania	1	\$1.5
Chesapeake and Potomac Tel. (D.C.)	1	\$2
Chesapeake and Potomac Tel. (Md.)	1	\$7
Chesapeake and Potomac Tel. (Va.)	1	\$7
Chesapeake and Potomac Tel. (W. Va.)	2	\$2
Cincinnati Bell	1	\$2
Diamond State Telephone	1	\$1
Illinois Bell Telephone	1	\$17
Indiana Bell Telephone	1	\$5.5
Michigan Bell Telephone	2	\$1.2
Mountain States Telephone	1	\$2.0
New England Telephone	2	\$1.7
New Jersey Bell Telephone	1	\$1.0
New York Telephone	1	\$3.4
Northwestern Bell Telephone	1	\$1.3
Ohio Bell Telephone	1	\$9
Pacific Northwest Bell Telephone	2	\$1.1
Pacific Telephone	4	\$5.8
South Central Bell Telephone	1	\$2.7
Southern Bell Telephone	1	\$3.2
Southern New England Telephone	2	\$5
Southwestern Bell Telephone	2	\$4.5
Utah Bell Telephone	1	\$5

Southern New England Telephone is 21.1 percent owned by A.T. & T.; Cincinnati Bell is 29.7 percent owned. A.T. & T.'s portion of long and intermediate term debt outstanding in 1981 was \$7.3 billion.

Source: Duff and Phelps

The New York Times

Yamani Sees Oil Glut Lasting to Late 1982

From Agency Dispatches

NICOSIA — Saudi Arabia's Oil Minister Sheikh Ahmed Zaki Yamani said the current soft market for oil is likely to persist well into the second half of 1982 due to the U.S. recession, the Middle East Economic Survey reported Monday.

Sheikh Yamani told the authoritative Cyprus-based weekly oil journal that he had earlier expected a balance between supply and demand would be reached by mid-1982, based on the assumption that the U.S. economy would start recovering as early as the first three months of this year.

"But now it seems that the previous expectations about the U.S. economy have changed, and therefore the date we can expect to have a balance between supply and demand will have to be changed accordingly — it might be sometime in the second half of 1982," he was quoted as saying.

Sheikh Yamani also said the current OPEC price freeze would either be extended when it expired at the end of 1982 or OPEC would raise tariffs by a little, "which would take into consideration part of the effect of inflation."

Asked when he saw a real in-

crease in oil prices, he said: "Maybe when demand picks up and we have a strong economic recovery, and when coal no longer competes strongly with fuel oil. This could be around the end of this decade or in the nineties."

He said that following the system of differentials adopted at the OPEC conference in Abu Dhabi, he did not rule out completely a second step with regard to medium and heavy types of crude oil.

"Even with the severe winter we are having right now, which creates a high demand for oil, I think we still have some room for a further cut in the prices of heavy and medium crudes," he told MEES. "And of course this will become evident sometime during the summer of 1982 when demand for fuel oil will be lower."

Sheikh Yamani said Saudi Arabia, the world's largest oil exporter, is prepared to allow oil production to fall from the current 8.5 million barrels a day in response to market pressure although it does not plan a formal cut in output.

The kingdom "will leave it to market forces to determine the output necessary to defend OPEC \$34 a barrel base price, he said.

AT&T Split-Up Raises Concern for Finances Of Local Companies

By Linda Grant

NEW YORK — The proposed breakup of American Telephone & Telegraph Co. may be a boon to the company, but resistance is mounting from competitors, regulators and consumer groups, and there are even signs of some hedging within the Bell System.

The concern is that the expected benefits of the antitrust agreement with the Justice Department may be outweighed by its potential costs.

When the pact was disclosed Jan. 8, the initial concern was over the possibility of massive increases in local phone charges. But analysts are beginning to worry that telephone rates may not rise quickly enough to preserve the financial strength of these local phone companies and cause local phone service to deteriorate.

Meanwhile, the leaner AT&T, retaining its fastest-growing and most profitable businesses, could enter the once-forbidden areas of data processing, computer manufacturing, cable television and electronic publishing. Proponents of the settlement argue that this would be "good for competition," but critics worry that AT&T would quickly overpower smaller companies in these industries, driving many out of business.

Concerns about the possible effects of splitting up the Bell System have already caused legislators and state utility regulators to suggest changes in the Justice Department's proposed antitrust settlement with the company.

The combination of public outcry, competitor lobbying and regulatory hand-wringing could tie up a final implementing of the settlement for years, leaving the company and its 3 million shareholders as uncertain about AT&T's future as they have been since the antitrust suit was filed in 1974.

While most analysts agree that the proposed settlement brightens the outlook of AT&T, they are nearly unanimous in their assessment of what it could mean for the local operating companies.

"AT&T is going to be in a position to milk the operating companies, leaving them with virtually no business-growth potential," says Lee Selwyn, president of Economics and Technology Inc., telecommunications consultants. "That could create serious service and cost problems."

Analysts say the local companies would suffer primarily because they would no longer receive

a share of long-distance revenues. Under terms of the proposed settlement, the 22 local phone companies would be responsible for phone service within their communities while AT&T would get all the revenues from long-distance.

Over the years, under pressure from state regulators, local telephone service has been priced artificially low. To make up the difference, AT&T has kept long-distance fees high to subsidize local phone service.

Besides suffering a loss of revenues, critics said, the subsidiaries would be cut off from the solid financial backing of AT&T. Two major credit-rating agencies last week expressed doubt that the local phone companies will be able to maintain the high debt ratings that currently enable them to borrow money on bond markets at relatively favorable rates.

With their voracious appetites for capital, analysts say the telephone companies must be able to borrow money in any economic climate, and only top-rated companies are able to find buyers in the current volatile bond market.

While the settlement could lead to new problems, proponents contend that it could also solve some existing problems.

"The judgment achieves the one essential remedy necessary to get competition into the telecommunications industry," said Thomas J. Casey, a Washington lawyer who previously worked on the Department of Justice's AT&T antitrust team.

He said any AT&T competitor in long-distance service, equipment manufacturing, data transmission or information services must pass through a local operating company to get to the customer.

"Local exchange was a bottleneck that AT&T could leverage to its own competitive advantage," Mr. Casey said. "The decree has solved the most important problem for future growth, and the long-term viability of the industry has been guaranteed. As long as AT&T controlled that bottleneck, this never would have happened."

In his judgment, the problems created by breaking up the Bell System will be basically short-term, transitional difficulties that can be alleviated by legislation. For example, a bill proposed by Rep. Timothy Wirth, a Colorado Democrat and chairman of the House telecommunications subcommittee, would require AT&T to subsidize the local phone companies out of its revenues from long-distance calls.

EUROBONDS

measure ballooned \$9.8 billion. This kind of fear that not only would there be no imminent easing in monetary policy by the Fed but that interest rates might actually be pushed higher.

Short-term interest rates hardened all week, with the cost of one-month Eurodollars up almost half a percentage point at 13 1/2 percent and one-year funds up just over a full point from Monday's quote to end the week at 15 11/16 percent.

Investment bankers are unsure what level coupon would be needed to attract investors to fixed-rate bonds and in the current environment are not inclined to urge clients to test the market.

By contrast, there was a near

Mexico, Burdened by Debts, Agrees to Higher Margins

By Carl Gewirtz

PARIS — Launching what is expected to be a massive borrowing program this year and facing up to the reality that banks are fast running out of room to increase their exposure, Mexico has agreed to further increase the margin it is willing to pay on new syndicated Eurocurrency loans.

The agricultural development bank, Banco Nacional de Credito

SYNDICATED LOANS

Rural, is expected to mandate a nine-bank syndicate this week to raise \$400 million at a cost well over the low 3/4- 1/2-point margin Mexico paid last year.

Lenders are expected to be given the option of taking eight-year paper at a price of 3/4 point over the London interbank offered rate or 1/2 point over the prime rate or seven-year paper yielding about 1/4 point less. The reason for the split is that managers believe the six-year average life of the eight-year transaction is a touch too long to appeal to regional U.S. banks. They are expected to find the five-year average life of the seven-year paper more to their liking.

In addition to the increase in the margin, which started last year when Mexico began to accept deals priced over the prime rate (in effect, more costly than pricing over Libor), Mexico also has agreed "slightly higher" fees and commissions. The front-end fee reportedly totals 1 1/2 percent.

The increase in Mexico's borrowing costs, bankers say, is a reflection of their concern about the

country's overall level of debt — which one expert estimated is closer to \$60 billion than the \$30-billion figure widely circulated.

"Banks are quite filled with Mexican paper and will need some incentive to provide additional loans this year," one expert said.

With Banco Rural not even officially launched, bankers are already working on details of a \$2-billion borrowing for Pemex, one of the country's most prestigious borrowers. Half of the proceeds reportedly would be used to refinance existing short-term lines of credit and the other half would represent new money.

Because doing business for Pemex offers bankers the possibility of generating other profitable transactions with the client and because some bankers want to be seen supporting development of Mexico's petroleum industry, Pemex is expected to pay slightly less — a split 3/4- 1/2 point over Libor.

Meanwhile, Brazil, rapidly losing to Mexico the onus of carrying the largest foreign debt and showing considerable domestic improvement last year by reporting a trade surplus, is discussing terms on a \$300-million financing. However, leading bankers dismiss suggestions that Brazil may be able to lower the size of the margin it pays to a 2-point spread from the current 2 1/2-3/4 points over Libor.

"I don't rule out that some bank trying to win a mandate might be tempted to offer a margin of 2 percent, but it won't be able to market such a transaction," a leading syndication manager said. "It is a \$1.25-billion for Exoring Power Co. of New South Wales Ltd. In effect, this is an indirect loan for (Continued on Page 9, Col. 2)

NEW ISSUE

All these Bonds have been sold. This announcement appears as a matter of record only.

November 10, 1981



VILLE DE MONTRÉAL

Québec, Canada

25,000,000 European Units of Account
13 1/4 per cent. Bonds due 1988

Kredietbank International Group

Algemene Bank Nederland N.V.

Amro International Limited

Bank Brussel Lambert N.V.

Berliner Handels- und Frankfurter Bank

Citibank International Group

Crédit Communal de Belgique/Gemeentekrediet van België

Crédit Lyonnais

Kuwait Investment Company (S.A.K.)

Merrill Lynch International & Co.

S.G. Warburg & Co. Ltd.

Alahli Bank of Kuwait K.S.C.	Banca del Gottardo	Banco Ambrosiano	Bank of America International
Bank Gntzwiller, Kurz, Bungeener (Overseas)	Bank Mees & Hope NV	Banque Générale du Luxembourg S.A.	
Banque Internationale à Luxembourg S.A.	Banque de Paris et des Pays-Bas Belgique S.A.	Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg S.A.	
Chemical Bank International Group	Continental Bank S.A.	Crédit Commercial de France	Crédit Général
Crédit Industriel d'Alsace et de Lorraine	Crédit Industriel et Commercial	Crédit Suisse First Boston	
DG Bank	Dominion Securities Ames	European Banking Company	Geffina International
Deutsche Genossenschaftsbank		Kredietbank (Suisse) S.A.	Lévesque, Beaubien Inc.
Kredietbank S.A. Luxembourgeoise			
Molson Rousseau Inc.	Morgan Stanley International	Nederlandsche Middenstandsbank N.V.	
Nederlandsche Credietbank n.v.	Nippon European Bank S.A.	Nomura International	Société Générale de Banque S.A.
Vereins- und Westbank	Westdeutsche Landesbank Girozentrale	Zentralsparkasse und Kommzialbank, Wien	

CURRENCY RATES

Interbank exchange rates for Jan. 15, 1982, excluding bank service charges.

UNITED STATES DOLLARS PER UNIT OF FOREIGN CURRENCY									
	\$	£	D.M.	F.F.	It.L.	Chf.	N.P.	S.F.	D.R.
Amsterdam	2.5145	4.726	10.977	4.288	0.2945	1.544	6.445	126.335	21.57
Banque de Paris	2.3145	4.726	10.977	4.288	0.2945	1.544	6.445	126.335	21.57
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Banque de Paris	2.3145	4.726	10.977	4.288	0.2945	1.54			

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES		Yield Ave		Yield Ave	
Midsize	Yield Ave	Midsize	Yield Ave	Midsize	Yield Ave

DM STRAIGHT BONDS

[illegible][illegible]

Province	Year	Rate	Rate
Ontario Hydro-Elec	1/2	80	8.37
Ontario Hydro-Elec	1/2	80	8.32
Ontario Province	1/2	80	8.67
Ontario Province	1/2	80	8.49
Province of Manitoba	1/2	80	9.75
Prov. of New Brunswick	3/4	80	9.75

[illegible][illegible]

(Continued on Page 10)

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Marketmakers in Eurobonds **WestLB**
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Ford's Caldwell Says He Met With GM Chief Before Talks

(Continued from Page 7)
passing labor-cost savings on to consumers, and Mr. Caldwell said he felt the labor negotiations have turned into "a marketing debate."
"The purpose of these negotiations is to reduce the cost of production in the U.S.," he said.
Mr. Caldwell said Ford's prices will remain competitive with GM's, even if the No. 2 automaker does not agree to the specific UAW proposal. Mr. Fraser, however, said Ford will be forced to cut its prices.

Up to \$1,200

"If we negotiate the price at GM, Ford has to meet with GM in the marketplace," he said. "The net result will be the same."
The union has set a deadline of next Saturday for completion of the contract talks.

Albert Warren, GM's vice president for labor relations, said Saturday that the company is seeking labor concessions and other cost reductions totaling from \$1,000 to \$1,200 a car.
The cuts in car prices might be concentrated on slower selling models, rather than evenly distributed among all car lines, he said.

Mr. Warren also told reporters the company was looking beyond the UAW to achieve the cost savings, including contract concessions from the 16 other unions working at the automaker.

Mr. Warren acknowledged that to cut car prices by \$1,000, it would take a \$5-an-hour reduction in the rate of about \$20 an hour that GM pays for assembly line workers.

Mr. Fraser has flatly rejected a \$5-an-hour concession. Even \$2.50 an hour, he said, would be too much.

Mr. Fraser also said the pass-through to car buyers of savings achieved by concessions will not necessarily be a part of a contract with Ford.

He described the Ford proposal as "very interesting." "It doesn't necessarily have to be a pass-through. We don't have to march in lock step — there could be an alternative," he said.

Meanwhile, Chrysler Chairman Lee A. Iacocca said the possible contract concessions for GM and Ford will not hurt his company unless they bring drastically lower car prices because Chrysler has a \$300 to \$500 price advantage over the other two automakers.

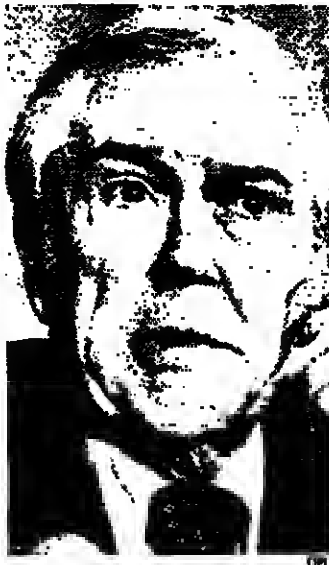
Mr. Iacocca said Ford and GM had to ask the UAW for the concessions because Chrysler two years ago got union concessions to qualify for \$1.5 billion in federal loan guarantees. Those concessions led to Chrysler's price advantage over its two major U.S. competitors.

"I made my deal ... two years ago," he said. "I'm not negotiating

until September ... so I'm just watching what's happening."
Mr. Iacocca, who said he is confident his company will survive, hinted that Chrysler's fourth-quarter earnings statement would look good. He declined to be more specific.

"We did pretty good this last quarter. I think you'll be pretty surprised," he added. "I don't want to say utterly surprised, but we did pretty good."

Chrysler lost \$149.3 million in the third quarter of 1981. In the first nine months of the year, it lost \$436.1 million compared with \$1.47 billion during the first nine months of 1980.



Douglas Fraser

Mexico, Burdened by Debts, Agrees to Higher Margins

(Continued from Page 7)
The Electricity Commission of New South Wales, which is selling power generators to Eraring and guaranteeing to purchase enough power supply from Eraring to assure its ability to service this debt.
But because there is no outright Ecom guarantee and because the loan is so large and the structure fairly complicated, the margin being offered is about 1/2 point more generous than top Australian credits normally pay, managers say. Salomon Brothers of New York has put the financial details together and, with the Bank of New South Wales, is arranging the loan. Six banks have fully underwritten the deal and they are now looking to put together a syndicate of Australian and non-Australian managers.

Terms on the 15-year loan call for a half-point margin over Libor for the first five years, rising to 3/4 point for the next five and 1/2 point over Libor for the final five years.

In fact, however, the average life of the loan, 8 1/2 years, is rather short. Drawdown will take place through June 30, 1985 and repayments will start in October of that year.

From the United States, Gulf States Utilities, under the aegis of Irving Trust of New York, is seeking \$600 million for 7 1/2 years. Lenders are offered the choice of a margin tied to Libor — a spread of 3/4 point for the first 4 1/2 years and 1/2 point thereafter — or the prime rate (prime for the first 4 1/2 years and prime plus a quarter point thereafter) or the adjusted rate for certificate of deposits (with margins equal to those on the Libor portion). No participation fees are being offered.

Elsewhere, South Korea's Export-Import Bank is asking banks to offer terms for a \$300-million, eight-year loan. South Korea is re-

portedly looking to pay somewhat less than the split 1/2-3/4 point over Libor that the Korean Development Bank paid on its recent \$500-million, eight-year loan.

Greece is also reported to be sounding the market out on terms for a \$200-million borrowing.

Madrid, which has been discussing a \$100-million, eight-year loan since last summer has finally indefinitely shelved its plans because of a dispute over how much it should pay to get a loan guarantee from the Instituto de Crédito Oficial, banking sources said. Banks were offering a split 3/4-1/2 point margin over Libor provided there was an ICG guarantee.

Brazil to Seek Credits

BRASILIA (Reuters) — Antonio Delfim Netto, Brazil's planning minister and economic chief, will visit France in early February to negotiate financial and buyer credits worth \$2 billion, according to government officials. He will also visit Lisbon for a meeting of the Inter-American Development Bank and Brussels to complete EEC financing for the Carajas iron ore mining project in northern Brazil, they said.

Brazil needs \$17.3 billion in 1982 to meet its deficit on current account and debt repayments. This will be met through foreign loans and credits and direct foreign investment.

U.K. Banks in India Loan

LONDON (Reuters) — The four major U.K. clearing banks will underwrite about half of a \$750 million to \$1 billion Euro-credit for a new steel plant in eastern India, banking sources said Friday.

Borrowers Start Again From Zero

(Continued from Page 7)
greater than the interest they pay on their loans. But zeros do not pay interest. And thus traders are very reluctant to make a market in these issues.
Other issues currently on offer include:

• Banamex, Mexico's leading private sector bank, is offering \$60 million of 10-year floating rate notes. Investors have the option to request redemption after the seventh year. The coupon will be set at a quarter-point over the London interbank offered rate and is guaranteed to never be set below 5 1/2 percent.

• C. Itob is raising \$50 million through a six-year issue bearing warrants to purchase shares in the Japanese trading company. Annual interest on the bonds, sold in denominations of \$1,000, will be set at 11 to 11 1/2 percent and will be guaranteed by Japan's largest bank Dai-ichi Kangyo Bank.

The warrants can be exercised from March 1 of this year through Aug. 31, 1987, and for a fresh cash buy the equivalent of \$1,000 worth of shares at a price to be set. That premium over the current Tokyo Stock Exchange quote will be "not less than" 2 1/2 percent. The number of shares that can be purchased as well as other terms will be set Friday.

• Hitachi Cable is offering \$40 million of standard convertible bonds. The coupon, paid semi-annually, is expected to be set at 5 1/2 percent. The bonds will be convertible into the company's common stock starting Feb. 8 at a price that will be about 5 percent over the current quote when final terms are set Wednesday. Because the face value of the bond can be used to pay for the purchase of the stock, a fixed dollar-yen exchange rate will be established for the life of the bond.

• Nippon Electric is seeking \$60 million through a classic 15-year convertible, which is expected to carry a coupon of 5 1/2 percent and a conversion premium of about 5 percent. The bonds will be sold in units of \$5,000 and will be convertible starting Feb. 5. Final terms will be set Monday.

• Tokyo Corp. is offering \$30 million of 15-year convertible bonds bearing an indicated coupon of 5 1/2 percent. Final terms will be set Thursday.

• GMAC of Canada sold 50 million dollars of seven-year notes at par bearing a coupon of 16 1/2 percent.

• The School Council of the Island of Montreal sold 30 million dollars of five-year paper at par bearing a coupon of 17 1/2 percent.

However, Canadian Pacific Securities withdrew its proposed 50-million offering as it was unwilling to increase the coupon from the indicated 16 1/2 percent. In the Deutsche mark sector,

bond prices eased last week, pushing up yields in the wake of fears that domestic interest rates will be pushed higher by additional government spending to fight unemployment and reduced tax revenues due to the sluggish performance by industry.

Signs that rates are edging higher were given by the 750-million DM issue for the federal railway, which sold 10-year paper bearing a coupon of 10 percent at a price of 100 1/2 to yield 9.92 percent in the domestic market. This compares with a 10-year federal government issue six weeks ago priced at par bearing a coupon of 9 1/2 percent.

The capital market subcommittee set a calendar of 1.1 billion DM of new issues through Feb. 5. Austria was first with twin 75-million-DM issues of five years and seven years. Both carry a coupon of 9 1/2 percent. The five-year paper was priced at a premium of 100 1/2 and the seven-year paper was sold at par. However, both were quoted at a discount of about 1 point.

Swedish Export Credit is now in the market for 50 million DM, offering a coupon of 9 1/2 percent for seven years priced at 99 1/2.

Scheduled to be launched this week are 250 million DM for the European Investment Bank and 125 million for Pemex. Other borrowers in the queue are the Council of Europe (125 million DM),

Quebec (150 million DM), Philip Morris (200 million DM) and Tauris Autobahn of Austria (50 million DM).

A proposed 200 million DM for Australia was put off until next month's calendar, which will be set Feb. 8, as bankers feared that 1.1 billion DM was all the market could comfortably take.

Also currently on offer are a 12-million Unit of Account issue for Copenhagen, which is offering a coupon of 12 1/2 percent for 10 years, and a 30-million European Currency Unit issue for Nersa, guaranteed by Electricité de France, which is being offered for eight years bearing a coupon of 13 1/2 percent.

Eurobond Yields*

Week Ended Jan. 13	
Int'l inst. lg. term US\$	15.34 %
Int'l inst. lg. term US\$	15.10 %
Int'l inst. lg. term US\$	15.55 %
Can\$ medium term	15.11 %
French fr. medium term	17.00 %
Int'l inst. lg. term	8.23 %
ECU medium term	13.54 %
EUA long term	12.10 %
Int'l inst. lg. term LF	13.07 %
FL long term	13.17 %

* Calculated by the Eurobond Stock Exchange
Market Turnover
Week Ended Jan. 15
(Millions of U.S. Dollars)
Total 4,899.2 3,619.6 1,279.6
Cedel 4,899.2 3,619.6 1,279.6
Eurocl 4,758.4 4,301.1 457.3

FTC Drops Antitrust Case Against Three Cereal Firms

New York Times Service

WASHINGTON — The Federal Trade Commission has voted to dismiss a 10-year-old antitrust case in which the commission's staff had charged the three largest U.S. cereal makers — Kellogg Co., General Mills and the General Foods Corp. — with operating a "shared monopoly" in violation of federal law.

The antitrust case, generating 20,000 pages of arguments and costing the government \$5.9 million, was the last of the big antitrust cases pending this year.

The ruling Friday by a 3-to-1 vote was foreshadowed last September, when an administrative law judge ruled in favor of the cereal makers. The judge, Alvin L. Berman, ruled that the commission staff had failed to prove its charges and recommended that the commission dismiss the case.

His decision represented an unqualified rejection of the staff's attempt to broaden the reach of antitrust law, which prohibits "unfair methods of competition," to include practices that business leaders regard as ordinary and lawful.

The staff, however, appealed Judge Berman's decision.

In the complaint, the commission staff said that the three cereal companies had acted as though they were one loose monopoly, setting prices for products among themselves, saturating the market with scores of their products to the exclusion of competition, refusing to sell "private labels" to large retail chains, and accepting "price leadership," whereby Kellogg set the prices for the group.

Thomas J. Campbell, the Reagan administration's new head of the commission's antitrust division, withdrew the staff's appeal late last year. Friday, the commission, after giving the staff two more weeks to review the case, officially dismissed it. All three Republicans, James C. Miller 3d, Patricia Bailey and David Clanton, voted for the dismissal, while the commission's sole Democrat, Michael Pertschuk, voted to bear the appeal.

Ms. Bailey said it was pointless to hear the appeal, even assuming that all the staff allegations were true.

EGYPTIAN GENERAL PETROLEUM CORP. E. G. P. C.

INVITATION TO INTERNATIONAL TENDER

EGPC has applied for World Bank assistance for the second phase of Abu Qir development.

Western Desert Operating Petroleum Company "WEPCO" on behalf of EGPC invites Tenderers to submit their quotations to supply the following submarine pipeline according to 5LX 52 API SPECS. and relative fittings for the second phase of Abu Qir Offshore Gas Field Development.

1- 18 Inch Diameter, 0.625 Inch W. Thickness and 16 km. Length.

2- 14 Inch Diameter, 0.5 Inch W. Thickness and 4 km. Length.

Tender documents can be withdrawn from WEPCO Office - Alexandria on January 10, 1982 against payment of L.E. 100.-

Closing date for submitting offers in Noon February 25, 1982.

Those interested should contact:

Technical Services Manager
WEPCO - Borg El Soghr Bldg.
P.O. Box 412 - Alexandria
Egypt - Telex 54075 UN

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DOLLAR (U.S.)	15 %
STERLING (£)	15.75 %
FRANC (French)	18.25 %
MARK (Deutsch)	12.75 %
FRANC (Swiss)	9.5 %

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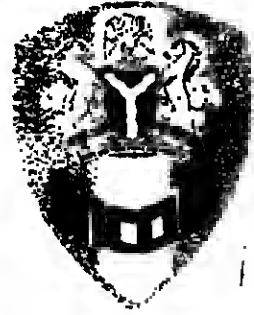
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October 12th, 1981



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B % 1996 Jul	70 1/2 maturity	5.50
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European Currency Unit	Y	Yen
European Unit of Account	LFR	Luxembourg Franc
Pound & Sterling	AEF	Swiss Franc

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For the Week Ending Jan. 15, 1982

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(Continued on Page 11)

Stenmark Beats Mahre in Slalom; Podborski Victor in Cup Downhill

From Agency Dispatches
KITZBUHEL, Austria — Ingemar Stenmark of Sweden stormed to victory here Sunday by a record margin, winning a slalom race by a remarkable 3.16 seconds over Phil Mahre.

On Saturday, Steve Podborski of Canada also had a large victory margin here in winning his second downhill of the season. He took the Hahnenkam classic for the second year in a row, this time by 54 hundredths of a second.

Podborski handled the demanding slalom track, regarded as the most difficult on the World Cup circuit, in a minute 57.24 seconds. Franz Klammer was second in 1:57.78 and Ken Read third in 1:57.90. Podborski's victory margin was equivalent to a distance of 16 meters — remarkable in World Cup racing.

Stenmark raced down Sunday's 60-gate slalom course in two runs of 49.07 and 53.57 seconds for an overall time of one minute 42.64 seconds.

Men's Slalom

1. Ingemar Stenmark, Sweden, 1:42.64
2. Phil Mahre, U.S., 1:45.80
3. Steve Mahre, U.S., 1:46.76
4. Paolo de Ceresa, Italy, 1:46.76
5. Benoit Philibert, France, 1:47.02
6. Marco Tomassini, Italy, 1:47.44
7. Lars Strand, Sweden, 1:47.44
8. Helmut Holder, Austria, 1:48.11
9. Anton Stenmark, Austria, 1:48.44
10. Jelle Holmboe, Norway, 1:48.44
11. Peter Müller, Austria, 1:48.44
12. Peter Lüscher, Switzerland, 1:48.72
13. Daniel Fontana, France, 1:48.72

Men's Downhill

1. Steve Podborski, Canada, 1:57.24
2. Franz Klammer, Austria, 1:57.78
3. Ken Read, Canada, 1:57.90
4. Franz Heidegger, Switzerland, 1:58.08
5. Toni Rütti, Switzerland, 1:58.22
6. Erwin Reuber, Austria, 1:58.22
7. Hartl Wehrhahn, Austria, 1:58.22
8. Leander Ström, Austria, 1:58.22
9. Corrado Piffer, Switzerland, 1:58.22
10. David Murray, Canada, 1:58.44
11. Helmut Holder, Austria, 1:58.44
12. Gustav Oerter, Switzerland, 1:58.44
13. Phil Mahre, U.S., 1:58.72
14. Peter Wirtzberger, Austria, 1:58.72

World Cup Standings

1. Phil Mahre, 277 points
2. Stenmark, 254
3. Podborski, 244
4. Andreas Wenzel, Liechtenstein, 85
5. Jelle Holmboe, Norway, 82
6. Peter Müller, Austria, 80
7. Klammer, 79
8. Wehrhahn, 58
9. Reuber, 54
10. Read, 54



Ingemar Stenmark at Kitzbuehel. As good as gold.

Phil Mahre's twin brother, Steve, shared third place with Paolo de Ceresa. Steve Mahre had a faster first lap than the Italian, but was slower second time out.

The slalom was held over an icy piste and more than half the entrants failed to finish.

"I'm really happy with my win today and for me that record lead is just as valuable as a gold medal," Stenmark said. "Conditions were extremely difficult, with the hard and bumpy snow posing the greatest obstacle."

Stenmark's winning margin bettered the 2.56-second advantage that Jean-Noël Augier of France built in Berchtesgaden in 1971.

"Ingemar was really impressive today and it was his race all the way through," said Phil Mahre, the current overall champion. "But this was just one race and every body has his day." Mahre now has a comfortable World Cup lead of 217 points to Stenmark's 134.

Steve Mahre's performance was a sign that he has fully recovered from two knee operations last December. "I'm regaining my confidence and now I'm sure I'll get better all the time," he said.

Podborski, the runner-up in a downhill here Friday, is the only World Cup downhill with two victories this season. The three previous races went to Klammer, Erwin Reuber and Hartl Wehrhahn, all of Austria.

"The win here certainly boosted my morale for the World Championships," Podborski said. "I knew I could win when I came in second on the same track on Friday."

"This time, I managed to handle the sharp bends in the steepest parts in perfect style — and everything went fine. I am very proud to have won here for the second time in two years because I know a victory on this track almost equals a world title."

"But I will still aim at winning the World Championships at Schladming [Austria] in two weeks from now."

Klammer said he was pleased with his second place that earned him a certain berth on the Austrian downhill contingent for Schladming. "I am not ashamed to have been defeated here by Pod-

borski because I know he is one of the best downhillers on the circuit," Klammer said.

Read, who also took third place in Friday's race, said: "I am satisfied with my overall performance here. It was my best result this season and I know now I can fight for a top place in the World Championships."

Austria underlined its continuing strength by placing five racers in the top ten, but the best average result was obtained by Canada with a second and a third place Friday and a first and third place Saturday.

Phil Mahre took 14th place in the downhill and won the combination based on Saturday's race and last week's slalom at Bad Wiessee, West Germany.

Austrian Wins Ski Jump

SAPPORO, Japan (AP) — Armin Kogler of Austria won the 90-meter jump on the final day of World Cup ski jumping competition here Sunday. Horst Bulau of Canada finished second and Matthias Buse of East Germany was third.

Gerulaitis and Lendl to Vie in Final of Masters

By Neil Amund

New York Times Service

NEW YORK — Vitas Gerulaitis is at his best when he has something to prove. Saturday, miffed over having to play the first semifinal in the Grand Prix Masters tennis tournament, he defeated Eliot Teltscher, 7-5, 6-2, and gained a berth in Sunday's final.

He was to face Ivan Lendl of Czechoslovakia, who won his 35th consecutive Grand Prix match by topping John McEnroe, 6-4, 6-2. The first prize in the eight-man event is \$100,000.

Gerulaitis' anger began when his final round-robin match, with Guillermo Vilas, was scheduled last on Friday's program. It was the third straight evening match for him. The match, which he won, 6-1, 6-4, for a spot in the semifinals, started at 10:45 and did not end until 12:01 a.m. Even before the match, he learned that because of television preference for McEnroe-Lendl, he and Teltscher would have to open the semifinals.

The first semifinal was to have started at noon. Gerulaitis and his coach, Fred Stolle, protested, and the officials then rescheduled it for 1 p.m., a move that still did not satisfy Gerulaitis.

He said that he would play under protest. But since no official body was sanctioned to deal with such matters in the sport, Gerulaitis said later that the protest was "more of a moral stand."

"I just wanted to do it before the match, so that if I lost, it wouldn't look like sour grapes," he said.

Gerulaitis was the last player to qualify for the \$400,000 Masters, which brings together the eight top point scorers on the yearlong grand prix tour. He finished ninth, but earned a berth when Bjorn Borg decided on a five-month break.

"It's the first time Bjorn has ever let me win anything," he said.

Gerulaitis lost a close three-set match to Lendl earlier in the tournament. He played aggressively against Teltscher, despite feeling stiff. He said he had "pulled something" in his back that affected his serve in the second set. He had six double faults in the set, losing his

serve at love in the fifth game with successive double faults.

Teltscher was a grateful semifinalist. He qualified after Roscoe Tanner eliminated Jimmy Connors, 7-6, 6-7, 7-6.

Teltscher and McEnroe finished with 2-1 records in their group. But Teltscher took the \$30,000 bonus as group champion on the basis of his straight-set victory over McEnroe Friday afternoon.

In reaching No. 9 in the world rankings, Teltscher has upgraded his serve, volley and topspin backhand. He effectively utilized the drop volley against Gerulaitis, and scrambled for every shot.

Gerulaitis won the third set on experience. He started strong, holding serve at 15; broke Teltscher at 13 with two forehand passes down the line; held at love for 3-0 and broke at love for 4-0. Within minutes, he swept 16 of 18 points, and took Teltscher out of his tempo.

Lendl had reached the semifinals with a 3-0 group record. His ability to do better against McEnroe than Connors, whom he has never beaten, involves styles. McEnroe's serve-and-volley style gives Lendl a movable target for his passing shots. Also, McEnroe relies more on touch, whereas Connors can match Lendl's ground strokes in pace, power and angle.

Connors' loss to Tanner, in a 9-7 third-set tiebreaker, gave Lendl the chance to draw McEnroe in the semifinals instead of Connors.

Lendl played confidently, as if sensing that the tournament was his chance to step out of the shadows of McEnroe and Borg.

McEnroe lacked fire. Perhaps the leadwound he suffered in his 6-4, 6-1 loss to Teltscher on Friday had extended. He served three double faults in the opening game and lost serve; there was no bite or consistency on the first serve, and his volleys lacked the angle and depth to keep Lendl from counterpunching.

Bunge vs. Potter
CINCINNATI (UPI) — Bettina Bunge and Barbara Potter were to meet Sunday in the final of a \$100,000 women's tennis tournament here after each won grueling

three-set semifinal matches Saturday night.

Bunge, seeded fourth, outlasted Anne Smith, 7-6, 3-6, 7-5, and Potter, the fifth seed, defeated Billie Jean King, who was playing in her first tournament in three months, 7-5, 1-6, 6-4.

Borg Denied Special Status
NEW YORK (UPI) — A request by Bjorn Borg for a special exemption from appearing in the minimum requirement of grand prix tournaments has been denied, the Men's Professional Tennis Council has revealed.

The council has implemented a ruling that all players must agree to participate in at least 10 grand prix events a year, excluding the four grand slam championships.

Borg said that he wished to limit his commitments to seven grand prix tournaments, plus three majors.

Borg will have 10 days from the date he receives official notification of this decision to increase his commitments.

If he fails to do so, he will be placed in a position where he must qualify for any Grand Prix event he wishes to enter, including Wimbledon and the French and U.S. opens.

Lewis Sets World Indoor Mark for Long Jump
EAST RUTHERFORD, N.J. — Carl Lewis became the first long jumper to leap 28 feet indoors and Billy Olson cracked the U.S. indoor record in the pole vault Saturday night in the U.S. Olympic Invitational track meet here.

The Lewis, 23, leaped 28 feet, 1 inch, smashing his own indoor record of 27-10 1/2, set last year at the Southwest Conference championships.

Olson, 23, who broke his left arm in several places in 1980, vaulted 18 feet, 6 inches, raising the national indoor mark of 18-5 1/2 inches set by Dan Ripley in 1979.

Alberto Salazar registered a dramatic victory in the 5,000-meter race. Salazar, the fastest marathoner in history and the U.S. record holder for the indoor 5,000, recovered from a first-lap fall and raced to an overpowering triumph over indoor record holder Suleiman Nyambui in 13 minutes, 23.08 seconds — just short of his national mark of 13:22.6.

Lewis, winner of the 100-meter dash and the long jump at the National Collegiate Athletic Association and national outdoor championships last year — the first to accomplish the feat since Jesse Owens in 1936 — fouled on his first two long jump attempts Saturday. Then the graceful University of Houston junior shattered the

record. After that he fouled again and passed his final two tries.

Lewis also owns the best long jump ever at sea level — 28-3 1/2 set last year at the outdoor nationals. Only Bob Beamon, who cleared 29-2 1/2 at the 1968 Olympics in Mexico City, has jumped farther.

In addition, Lewis holds the collegiate record of 10 seconds for the 100 meters.

Lewis said he was surprised at his record jump. "I didn't think I went that far," he said. "I just wanted to get a legal jump [after the two fouls]."

Injured in a 1980 gymnastics accident, Olson had to keep his arm in a cast for six months. But last year he made a sensational recovery, winning the national outdoor pole-vault championship and finishing third in September's prestigious World Cup meet in Rome.

"I knew it would happen," Olson said about the record. "But I didn't think it would happen this fast."

After breaking the mark, Olson stopped vaulting for the night, foregoing an attempt at the world mark of 18-8 1/2. "My legs were a little sore," he explained.

Salazar, who was overtaken by Nyambui in last year's 5,000 at the Millrose Games in New York when both set their indoor records, made certain that would not happen again. After his fall — apparently the result of a chain reaction

when Solomon Chebor was hit accidentally — Salazar bounced up and moved steadily back into contention.

By the fifth lap of the 3 1/2-lap race, he was already in front. After that, he pulled farther and farther ahead, lapping four of the other six runners.

Other impressive winners in the first event on the 16-meet 1982 indoor grand prix circuit included

Mary Decker in the women's 1,500 (4:08.32); Tom Byers, who overtook Ray Flynn of Ireland in the final straightaway in the men's mile (3:56.32); Renaldo Nehemiah in the men's 55-meter high hurdles (6:59); Jeannette Bolden, who upset indoor record holder Evelyn Ashford in the women's 55-meter dash with a 6.74; and Merlene Ottey in the women's 400 (53.40).

NHL Standings

WALDES CONFERENCE
Patrick Division
Philadelphia 27 15 1 137 158 23
NY Islanders 25 12 5 131 145 32
NY Rangers 20 16 4 122 170 44
Pittsburgh 19 19 7 178 174 44
Washington 12 24 6 134 189 39

Adams Division
Buffalo 24 11 8 182 169 40
Boston 22 14 12 182 181 48
Montreal 22 11 11 202 132 35
Quebec 24 14 5 208 168 33
Hartford 15 23 14 146 191 30

CAMPBELL CONFERENCE
Norris Division
St. Louis 27 20 4 171 189 46
Minnesota 24 14 14 177 182 48
Chicago 17 15 9 193 175 43
Detroit 16 20 10 174 202 42
Toronto 11 21 18 209 237 32

Seaside Division
Edmonton 27 12 3 225 187 42
Calgary 24 10 10 201 204 42
Vancouver 15 22 9 157 184 39
Los Angeles 16 24 17 178 218 32
Colorado 10 29 15 205 236 26

Sheridan's Results
Hartford 3, Montreal 2 (25), Miller 1; Middleton 1 (25), K. Crowder 1 (25).

NBA Standings

EASTERN CONFERENCE
Atlantic Division
Boston 26 10 2 220 —
Philadelphia 26 11 7 202 —
New York 18 20 4 204 209
Washington 17 19 4 202 189
New Jersey 15 22 5 206 32

Central Division
Milwaukee 26 11 7 203 —
Atlanta 26 17 3 209 74
Indiana 17 28 5 209 9
Chicago 18 22 2 205 11
Detroit 16 23 11 205 11
Cleveland 7 30 18 189 19

Western Conference
Pacific Division
San Antonio 24 12 4 207 46
Denver 24 12 4 207 46
Houston 24 12 4 207 46
Phoenix 24 12 4 207 46
Golden State 24 12 4 207 46
Utah 24 12 4 207 46
Dallas 24 12 4 207 46

South Division
Los Angeles 22 18 7 206 —
Seattle 24 11 4 206 46
Portland 24 12 4 207 46
Phoenix 24 12 4 207 46
Golden State 24 12 4 207 46
Portland 24 12 4 207 46
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Language

Mary Blume

Letter From New York

Metropolitan Nowhere

By William Safire

WASHINGTON — "Welcome" says the flight attendant in her soft-edged (formerly fuzzy) vernacular, "to the wherever-we-are area." Not to a specific place, but to an amorphous environment fit more for denizens than citizens.

The lust for soft-edged areas led city planners to call the combination of city plus suburb a "greater wherever-we-are area," which in New York gulps down Newark, Jersey City, and the Hudson River, spreading out over the Palisades and takes Los Angeles halfway out to Hawaii.

This type of urban encroachment led 19th-century vineyarder William Cobbett to warn that all England would become "The Weir," a slopping-over of London, spreading out to the sea.

Even as place-name sprawl has afflicted us, a related phenomenon Berlin Squatters Pelt Police

United Press International

BERLIN — Squatters pelted West Berlin police with stones and built a barricade in the street when they tried to force them out of a house the squatters occupied, police said. Twenty-one persons were arrested and three were later charged with obstructing the officers. No one was injured.

can be observed: People who live within the 323 S.M.S.A.'s have begun to call all places not so blessed "the boonies."

The boonies are the land of the people Out There. This slang term of the 1960s is a shortening of boondocks, from the Tagalog *boodok*, the native Philippine islanders' term for "mountain." (During World War II, U.S. Marines were equipped with "boondockers," heavy boots for plodding through rugged mountain terrain.) Any out-of-the-way place or remote village soon became known as "the boondocks."

Our language would suffer a great loss if all rural places were lumped together and derogated as "the boonies." To resist this homogenization — and to encourage the creative, colorful denigration of small towns that has always studied the American language — I turned to F.G. Cassidy, director of the Dictionary of American Regional English.

To a question his interviewers posed to thousands of native speakers about "a small or unimportant place," these were the most frequent responses: sticks, wide spot in the road, boondocks, hick town, backwoods, one-horse town, Podunk, four-corners, no-man's land, hideaway, whist-stop and jerkwater town. The last two are from railroad lingo. "Jerkwater" comes from an operation of railroad crews when small boilers required frequent refilling, and water tanks were few. A leather bucket at the end of a long rope was used to jerk the water from nearby streams. (Railroad buffets will send trainmen in a hundred other derivations; no frantic flagging-down will stop them.)

Other delightful put-downs of small towns uncovered by the man from DARE include dump, ghost town, Hell's half-acre, dogtown, oak of the woods, Timbuctoo (a real place in West Africa's Mali), udder, back 40, Dogpatch, hickville, last chance, plumb-nelly, baddy's town, and the like. Not included is what Liz Carpenter, of the Johnson White House, calls her place of origin: Residue, Tex.

Curiously, God's country —

hardly a put-down, more of a boast, first recorded in the Civil War as a proud description of the North by Union soldiers — has been taking on a pejorative connotation, as in the middle of nowhere.

New York Times Service

A French Dickensian

Allonging and Marchonging With Sylvère Monod

International Herald Tribune

PARIS — Sylvère Monod is a distinguished Sorbonne professor who specializes in the 19th and 20th-century English novel. He has won many honors — including an honorary degree from an English university and a CBE from the queen — but perhaps the summit, the very nonpareil, was his recent election as the first French president of Britain's Dickens Fellowship.

The Dickens Fellowship, which was founded in 1902 has several affiliates, such as the Pickwick Bicycle Society, and branches as far afield as Tokyo and Boulogne-sur-Mer, a place Dickens was fond of.

It honors the Master, as he is called, in several ways. As close as possible to Feb. 7 each year, there is an annual Birthday Dinner (this year it falls on Feb. 8) at which an Immortal Memory Toast is proposed. The dinner, says Mr. Monod, is splendid. There are also summer fetes at which Fellowship members swan about in Victorian costume.

"I may be prevented from attending that kind of occasion," the professor said, nicely poker-faced. He is a small man with rimless glasses, a tidy beard, precise gestures and a pleasant dry smile that any Englishman might envy.

Because his college years were 1939 to 1943, the professor was unable to cross the channel and study the Master on the spot. When he was studying for his *agrégation* his teacher pointed out that there had been no French texts on Dickens and young Monod bravely stepped in. Fifteen years later his thesis, "Dickens Romancier," was translated by the author and published by the University of Oklahoma Press.

Hereditary Fondness

The professor says his love of Dickens is hereditary, having been shared by his father and grandfather. The French, he says, have always liked Dickens. Their passion for Byron and Scott is long past but Shakespeare, Dickens and the Brontës rate very high. George Eliot has had very slight success in France ("Middlemarch" will soon be off the presses) and Thackeray has had none at all.

"I don't know why," the professor said. "Vanité Fair" has a lot to say to the French and he knew France well."

The Dickens coveys the French like best, says the professor, are "David Copperfield," "Great Expectations" and "Oliver Twist."

"The more facile works and the harder ones are less popular. 'Pickwick' is very un-French and they don't like 'Bleak House,' which is my favorite at the moment.

"Great Expectations" was my favorite before and before that 'David Copperfield.' I still have a soft spot for 'David Copperfield.' You see, I translated it and it is the first person so you feel as if you are him. I have also been Jane Eyre, I love Jane Eyre."

The professor is not mad about 'A Tale of Two Cities' and 'Hard Times' gave him a hard time for a while. "I failed to appreciate it," he said. "I am still not on good terms with 'Little Dorrit,'" he confessed.

The next day he was to lecture at the Sorbonne on George Eliot's "Adam Bede" and he is editing Conrad for the Pléiade edition in France. He is also writing a book on "Martin Chuzzlewit" in English for a British publisher. His bookshelves are lined with such books as "Dickens and Reality," "Dickens and Melodrama," "Dickens on America," and on the wall hangs a teabag from Poland: Pickwick Tea.

Favorite Character

Translating Dickens has its ups and downs, the professor says. His favorite character, Mrs. Gamp, is, he says, "fiercely difficult." His other favorite, Mr. Micawber, is easier: Micawber's favorite expression, "In case anything turned up," was easily rendered into French as "Tantôt ça va mieux, tantôt ça va moins bien." The latter family's habit of confounding the letters "W" and "V" yielded no French equivalent. "You have to invent something in the spirit, make it a problem in syntax rather than pronunciation," the professor said.

Dickens did remark that France couldn't exist without allonging and marchonging to something or other, but on the whole he is very friendly to the French, the professor says. "Of course there's 'A Tale of Two Cities' where he's divided in loyalty between France and England. And there's 'The Moonlight of French Follies,' but that's ironic." Dickens, the professor says, also wrote very favorably on the refreshments available in French railway stations.

Literary Event

"Martin Chuzzlewit" has just been republished in France and the reviewer in the magazine *Le Point* hailed it as one of the literary events of the season, a precursor of Kafka and Roman Polanski.

Higher level French literary criticism is in a rather austere mood right now, the professor says. "Even Dickens doesn't encourage that kind of approach. But I seem to see a return to him in American critics and it's starting in France, where enjoyment of Dickens' humor is new. I even find paths accepted now."

The professor does not know whether his students would laugh or cry at the death of Little Nell as he does not teach "The Old Curiosity Shop." But a U.S. scholar recently wrote approvingly of the drenching pathos in "Bleak House."

Mr. Monod likes "A Christmas Carol" but does not read it each year. Nor was his Noël especially Dickensian. "Though I did get a Christmas card from C. Dickens," he said. "That's Dickens, a very jolly and pleasant descendant who's quite an expert on Dickensian drinks."

A Window on the Shaping of Music

By David Stevens

International Herald Tribune

NEW YORK — The New York Philharmonic has come up with a program that in one stroke expands its audience, benefits the musicians and lets the public in on the alchemy by which conductor and orchestra arrive at the finished musical product.

After a limited trial run last season, the Philharmonic has opened its final, Thursday-morning rehearsal to the public at \$3 a ticket, with seating on a first-come, first-served basis. Proceeds from the ticket sales go to the Philharmonic musicians' retirement fund and the costs of the program are underwritten by a grant from Merrill Lynch, Pierce, Fenner & Smith. The open rehearsal — 24 are scheduled this season — reach a numerous public made up largely of music lovers attracted by the modest price or the daytime hour, or simply by the opportunity to sit in on the fascinating give-and-take of shaping a musical performance.

The idea is not without some European precedent. The Vienna Philharmonic still calls its Friday afternoon sessions public dress rehearsals, and the Saturday morning concerts of the Orchestre de Paris date back to the public dress rehearsals of its predecessor, the Conservatoire Orchestra. But if these ever were true rehearsals they have long ceased to be, and are now effectively concerts.

In New York, however, the public is warned that these are real rehearsals, that there will be interruptions, that the music may not be played in its entirety or in the order listed, and that the advertised soloist may or may not appear.

That did not discourage this new public from filling Avery Hall — except for the first dozen rows, kept empty as a kind of quarantine zone — at the first open rehearsal of the new year. Zubin Mehta, the orchestra's music director, sped efficiently through Hindemith's Concert Music for Strings and Brass, and Brahms' "Haydn" Variations, dispensing brisk comments in a tone barely audible to the public, rehearsing individual sections until he was satisfied, and occasionally glaring toward the audience when it got restless or applauded inopportunistically.

After the break, Isaac Stern showed up to go through both of Prokofiev's violin concertos, and the result was a rehearsal session at its most productive. The violinist's input on matters of rhythm and phrasing was characteristically persuasive, and the exchange between conductor, soloist and orchestra musicians was more instructive and entertaining than a dozen concerts.

The novelties of the current Metropolitan Opera season so far have been a bold but only partly successful Stravinsky triple-bill and Franco Zeffirelli's panoramic production of Puccini's "La Bohème," both of which suffer somewhat from the house's vast size and the relative intimacy of the works.

The Stravinsky evening was given coherence not only by being devoted to one composer, but in the designs with a single backdrop and a repeated circular motif by David Hockney, and in the raised and lighted orchestra pit that sought to make a single space of stage, pit and auditorium.

The open-ballet "The Nightingale" was the unexpected success of the trio of works, delicately staged by John Dexter in Hockney's blue-white sets, and with attractive choreography by Sir Frederick Ash-



Makarova and Dowell in "The Nightingale."

ton, appealingly danced by Natalia Makarova and Anthony Dowell, although their talents were underemployed. The staging of "Oedipus Rex" sought to stay within the spirit of Cocteau's libretto, with singers and chorus in evening dress, but Cocteau's nonchalance was betrayed by elaborate portmanteaus, particularly in the story narrated by Dowell. "The Rite of Spring" was almost redundant in Jean-Pierre Bonnefoux's choreography, pale in comparison with other current versions and no match for the strength of the music.

The "Bohème" was essentially a reworking of Zeffirelli's justly celebrated version already seen in Milan, Vienna and Salzburg. The director-designer's lens expands to take in all of Paris, with the new first and last-act set presenting a cutout garret framed by the city's rooftops. Elena Contreras was an affecting Mimì, Richard Stilwell a refined Marcello, and the veterans Mario Sereni (Schaunard) and Italo Tosi (Benito and Alcindoro) offered rare strength in character roles, while Renata Scotta sang Musetta as if she thought it should be the principal soprano part. James Levine conducted the Stravinsky with a welcome refinement that was missing in Puccini.

A look at a couple of programs in the current New York City Ballet season offered a chance to see some of the company's staples (Balanchine's "Symphony in C," Robbins' "Goldberg Variations" as well as some relatively recent works (Balanchine's "Ballo della Regina," and Robbins' "Opus 19/The Dreamer"), to confirm that the troupe is dancing strongly, and that plenty of new blood is available — especially on the male side.

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